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To Destroy Beauty, Tax It

by WAYNE S. BERRY

HENRY GEORGE pointed out very clearly in *Progress and Poverty* that present tax laws are in violation of, or contrary to, the natural laws of distribution.

In the early days practically all the wealth in our country was produced by labor working on the land with but little capital. Land was free and the producers of wealth did not have to pay for the use of it. Nearly everything a man could raise was his own and he knew that if he didn't work he and his family would starve.

These were pioneers and they didn't have to take a course in economics to learn that production is the mother of wages. But as communities grew and population increased and division of labor began, due to industrial development land rent became a factor and claimed a portion of all wealth produced on the land. Also, as communities grew and government became necessary, taxes were required to provide the public services.

Soon after the first settlers arrived they decided they should set up schools so their children could be educated. They hired school teachers and immediately there was need for a tax. The rate of this tax should have borne a relationship to the amount of service afforded by the schools and should have taken into consideration the in-

Wayne S. Berry, a teacher at the Henry George School in New York, spoke recently before the Society of Professional Assessors. This is a shortened version of his address.

crease in land value over the time when there was no school. There can be no question that each service a town or city renders its citizens increases land values.

What is it the real estate dealer sells you when you go out into a community to purchase a lot to build a house on? He doesn't spend time telling you that it is good ground for raising potatoes. He calls your attention to the fact that it is desirable because it is near the schools, or has water facilities, sewers, lights, good fire fighting equipment, police protection, etc. These are services that have been paid for by the taxpayers, and yet the owner of the lot you are buying can, under the present laws, collect from you for this very considerable land value to which he contributed nothing.

Because the government is not collecting *all* this land rent, it has to tax a man's labor and capital to pay for the services. This injustice has been with us for centuries and will continue as long as our present tax laws remain. Henry George offered as a solution taking the tax off all buildings or im-

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provements and placing it on the value of the land.

We could learn many lessons from history, but we don't seem to. The British Parliament placed a tax on fireplaces and thought it fair since rich people had many fireplaces and poor people had only one. But many of the poor had to board up their open hearths and suffer cold and illness until the tax was discontinued.

In France a ridiculous window tax caused the poor to build their homes with only one window. This law was not repealed until near the end of the last century. If fireplaces and windows disappear under taxation it is not illogical to suppose that we have fewer and poorer houses when they are targets for taxation. For every improvement you put on your dwelling you are penalized with a higher tax bill. If you add another room or a new coat of paint your assessment jumps accordingly.

Taxation is certainly necessary and no one would deny to the community the income needed to provide public benefits. Economists will agree that taxes are fair and acceptable when they comply with four conditions. They should bear lightly on production, be easily and cheaply collected, afford little opportunity for corruption or evasion, and bear as equally as possible on all citizens.

There is only one tax that meets all these conditions, and that is the land value tax as described by Henry George. The income tax meets none of these conditions, nor does the real estate tax, except insofar as it is based on the land value.

The rapid rise in tax values on land has reached an alarming stage. After construction of the New York Thruway and the Tappan Zee bridge the land rose to more than ten times its former value within a few years. A small town on Long Island wanted to build a library last year, and when they

found a suitable corner of a former farm they inquired as to the cost and the owner asked \$150,000. An alert Geogist went to the assessor's office and found that the entire farm was assessed at only \$25,000 and the owner was paying only a few hundred dollars in taxes. Next year he will pay more, and the small city will gain in much needed taxes for its growing schools. How many extensive areas are lying in wait for the exploding population while paying only token taxes, no one knows. But slowly, very slowly, officials are being alerted to such inequities.

Many visitors have seen the Seagram building on Park Avenue, considered by some to be "the most beautiful curtain building" in the world. This is set back from the pavement with a plaza and fountains, but for this "open space" the firm was taxed \$400,000 more than the normal estimate. A public protest arose over the obvious inequity and the case was appealed, the court however awarded the verdict to the City of New York who claimed the right to add the "prestige value" to the assessment. Is this not reminiscent of the fireplace and window taxes?

Life Magazine was one leading periodical which came out strongly against the heavy assessment in an editorial entitled, "How To Make Any City Ugly." In sound Henry George style they pointed out that after this verdict no New York buildings would be planned with space around them, for few firms would be willing to pay an added "prestige" tax. So we have constant evidence that "the power to tax is the power to destroy." Our cities are being destroyed, and slums are increasing faster than they can be reclaimed.

All this was described and predicted in *Progress and Poverty*. Fortunately its modern message is being rediscovered by a few people of influence.