

Our Lop-Sided Taxation

AN EXPERT EXAMINATION BY LOUIS WALLIS, ESQ. OF
NEW YORK *Financial World*, U. S. A.

OUR system of industry is complicated with methods of taxation, which are slowly poisoning the sources of economic life.

We have a lop-sided, unbalanced fiscal power by which productive business of all kinds is overburdened with heavy and increasing taxes; while at the same time a lower scale of assessment upon the unearned value of both improved and vacant land has the effect of giving a subsidy to speculation. In other words, the state, acting through its power to tax, puts a penalty upon production and a premium upon speculation.

Everybody knows that when a given piece of land is brought into use for any productive purpose, the aggregate property is taxed on a far higher scale of assessment than when the same piece of land is held vacant.

But most people are so busy trying to make a living in this complex and uncertain world that very few of us have the time or the opportunity to follow these well known facts into their economic results.

The significance of lop-sided taxation, however, is not found merely in its appalling distinction between productive industry and the speculative holding of unearned land values which are due to the presence of the community.

Because the lighter tax resting upon the aggregate land of any given country has the inevitable effect of conferring upon land an artificial market price, which, along with its rise in value through increase of population, makes it a burdensome and growing liability upon all productive business.

It was found in Sydney, Australia, that when municipal taxation was transferred from buildings to land values, both improved and vacant, the real estate sub-dividers had to offer much larger pieces of land in order to attract home builders. In other words, the price of land was reduced by heavier taxation.

On the contrary, when buildings are taxed more heavily in proportion than land values (which is the case in most countries), the builder not only has to carry heavy taxes on his building; but at the same time, since the ground itself is taxed more lightly, he also has to pay a higher and more burdensome price for land.

Every country has large amounts of unused space in and about its towns and cities, and also in the rural districts. But almost everywhere lop-sided taxation makes it necessary to pay a high rental or purchase price for land; while at the same time, the business installed upon the location is immediately burdened with a huge load of taxes.

The result is to hinder the productive use of capital and thus to blockade the nation's business development, hold back the employment of labor, and keep down the purchasing power of the general public.

The English common law declares that every man has equal rights to justice. But this promising maxim of jurisprudence is contravened by statute law which penalises productive industry while putting a premium on land speculation and upon the unearned rental value of the ground.

The political and economic problem now facing Britain and modern civilization is as great and critical as the issue which led to the downfall of the Stuart Dynasty and the revolution of 1688.

The taxing power of parliament was controlled in the middle ages by the landed aristocracy who owned the legislature and constantly put heavier and heavier taxes on commerce and industry, symbolized by the wool-sack in the House of Lords.

Parliamentary democracy as we have it today is the result of a long painful struggle between the ground landlords and the rising business class. The masses of the people have gradually won the right to vote; but this right has been secured only by a compromise which has relieved land values from proper taxation while putting the tax burden mainly

upon productive industry in such a way as to reach the pockets of the middle and laboring classes with deadly effectiveness.

The issue which is coming into the foreground is non-partisan. It is not the tenet of any one political party. Conservative, Liberal or Labor. The veto power of the House of Lords over taxation has been cancelled by constitutional amendment. Two hundred and thirty municipal councils throughout England, Scotland and Wales have recently memorialized Parliament for a statute which will open the way toward reorganization of the fiscal power so as to shift the tax burden from industry and agriculture on to the ground rental value of both improved and vacant land. Britain to-day is on the verge of a new chapter in history. (Loud applause.)

Our Income Tax Expert, Jim Marshall, at once rose and opened "When I saw in *The London Rotarian* a few weeks ago that you were going to speak on 'Lop-Sided Taxation,' I thought that as a Collector of Taxes I was the most suitable person to propose the vote of thanks. I also thought, without knowing what Mr. Wallis was going to say, that all taxation must be lop-sided unless it was founded on taxation of land value. So you see I happen to agree with what we have heard this morning.

I remember many years ago when Mr. Henry George visited this country I went to hear him speak. I did that forty years ago and ever since I have agreed with the principle, which is known in America as 'Single Tax,' and I think it is most essential that business men should consider this principle.

It is amazing to me that you business men should allow the value of land to increase and go into private pockets. It appalls me as almost indescribable fatuity. (Loud laughter.)

I suggest to you that the Speaker you have heard to-day should be taken very seriously and his address considered on its merits.

I am thanking the Speaker not so much on your behalf as personally, but I am sure you all know my thoughts, and on my own behalf for what we have heard today, many thanks. (Loud cheers.)

A good meeting ended promptly with the toast "Rotary all over the World."—*The London Rotarian*.

LEWIS WALLIS BEFORE THE LONDON ROTARIAN

Working Together For Success

ANNA GEORGE DE MILLE AT TORONTO

IN 1857 Lord Macauley wrote to those on this side of the Atlantic:

"As long as you have a boundless extent of fertile and unoccupied land your laboring population will be far more at ease than the laboring population of the Old World, and while this is the case, the Jefferson politics may continue to exist without any fatal calamity. But the time will come when wages will be as low and fluctuate as much with you as with us. You will have your Manchesters and Birminghams, and in these Manchester and Birminghams hundreds of thousands of artisans will assuredly be out of work. Then your institutions will be brought to the test."

We have reached that point now; we have our Manchesters and Birminghams in the United States and while we have not proportionately as much unoccupied territory as you in Canada, we have hundreds of thousands of acres of desirable unused land. Indeed, according to Mayor LaGuardia's report there are approximately 40,000 acres of unused land in New York City.

But through stupid ignorance of natural law we have permitted the margin of cultivation to be pushed so far

that our "frontiers" seem to have disappeared and labor and capital are becoming beggars in a land of vast opportunity. Fulfilling Lord Macauley's prophesy, our institutions are "brought to the test."

"Doing for men," says Emerson, "what they should do for themselves, is the one ugliness in all the governments of the world."

If that were true when Emerson wrote those words, how much truer it is now. And yet in spite of European examples of what totalitarian programmes really entail and the crushing of freedom that we, on this continent, count our birthright—paternalism of one sort or another, being urged by some, in both Canada and the United States, who, a generation ago, would have shied at anything remotely resembling it, since it is the antithesis of the American ideal—liberty. And these urgings toward regimentation come chiefly through ignorance of the *science* of political economy. Certainly it is for us, who realize that it is economic maladjustment which is dragging nation after nation into the morass of hatred and force, to work together as we have never worked before. Single Taxers are of necessity individualists, but now is the time for "united we stand," if we hope to point the only way for a lasting peace for a war-crazed world.

There are many different ways of carrying our message and there are Single Taxers to carry it. Obviously, however, if we work together, since that gives us greater power, we must choose the greatest common denominator—and the one programme on which we can all agree, I believe is *education*.

Some of us may contend that political action is the quickest road to education, although it develops bitter resistance and intolerance. Judge Jackson Ralston thinks that putting an Amendment on the ballot for the voters

California to pass on, is the quickest and surest means of educating them. Be that as it may, I wish there had been a hundred extension classes and a few thousand students taking the correspondence course up and down California for two solid years before Judge Ralston had again launched the measure.

If that had happened enough voters in that State would know what the economics of Henry George connoted to make a telling stand against lying opposition and could force proper interpretation where now is powerful misinterpretation. But without such far-reaching preparation by the Henry George School of Social Science the Ralston Amendment is on the ballot, to be voted on in November, and it seems plainly the duty of Single Taxers everywhere, regardless of national or state lines, to help our valiant cohorts in California combat the vicious onslaught made by the privileged powers under the banner of the "Anti-Single Tax League."

Therefore I beg that this Conference make it a major accomplishment to use this great opportunity to spread education in a field where the fear on the part of our

enemies proves our strength; that we do everything possible immediately to make the voters of California understand what the taxation of land values in lieu of all other taxes and the philosophy that goes with it, mean—for ignorance is the only thing we Georgeists dread and we are working together for certain success when we work to spread the Henry George School of Social Science.

For then, with the ever-growing army that understands the natural law "if" as says Henry George, "while there is yet time, we turn to justice and obey her, if we trust liberty and follow her, the dangers that now threaten must disappear, the forces that now menace will turn to agencies of elevation."

From Director Chodorov's Address at Toronto

THE expenses of the Henry George School in 1937 amounted to \$28,150, an average of \$3.47 per student enrolled during that year.

Between January 1 and June 30, 1938, 1,861 men and women took the ten week's course in New York City; during the same time 2,862 attended the extension classes scattered all over the United States. In addition, 2,055 persons took the Correspondence Course.

The new building, 30 East 29th Street, where the School commences its sessions on October 3, contains twenty-one class rooms. At full capacity it will train six thousand students weekly.

Mr. Chodorov's address was indeed most inspiring. On the Foundation which Oscar Geiger gave with so much love and suffering is being reared a lighthouse of economic truth and justice.

Correspondence

HOPEFUL OF REAL PROGRESS

EDITOR LAND AND FREEDOM:

Disappointment was expressed by some speakers at the recent Congress of the Henry George Foundation in Toronto that more progress has not been made in the movement for the taxation of land values. When I first became a convert through reading "Progress and Poverty" I believed such a principle would be adopted very soon because of its justice and far-reaching beneficial results. When that desirable result failed to materialize, even where the curse of landlordism was most acute, it caused discouragement among its ardent advocates, and they became inactive in the cause. "Hope deferred maketh the heart sick."

We have been unable to put a copy of "Progress and Poverty" in the hands of but a few people, hence lack of converts. If we could afford a weekly nation-wide broadcast of the Single Tax doctrine it does not follow that converts could be made in that way. There is no guarantee that people would listen-in, except those who are interested. Religious revival meetings are largely attended by church members because they are interested.

The Henry George School of Social Science is proving its worth as a disseminator of economic knowledge. Its success should give courage to the discouraged to revive their faith and help to the utmost of their ability to bring success in California and after that to unite for the educational campaign in Michigan.

Revere, Mass.

W. L. CROSMAN.

SEEING THINGS IN A DIFFERENT LIGHT

EDITOR LAND AND FREEDOM:

May I extend my hearty congratulations on the article under