

Transcription (from hardcopy), January 2015:

*The Independent* (New York) 39(No. 2039) (29 Dec. 1887): 4 (Richard T. Ely).

[p. 4]

‘Land, Labor and Taxation. V. Practical Suggestions.’

It is inconceivable that the writings of an author like Henry George, who has gained the adherence of so many men of undoubted ability and unquestioned moral integrity, should not contain certain important elements of truth which it is well for us to note; and it is my purpose in this and the remaining article of the present series, to endeavour to call attention to some of these of special value at this time.

I can see no way by which society can appropriate rightfully either the entire rent of land or its future unearned increment. It is possible that some plan may be devised, but I do not believe that it has yet been made public. It is an easy matter in the cities to separate the value of the land in itself from the value of the improvements, for it is something which is done every day, for you can always draw a sharp line between the two, and there are frequent sales and leases of land which serve as standards of value. The case is different with farming land. Improvements of some date which have become incorporated with the land and are inseparable, we may agree to consider as a part of the original land-value. Very likely what has been taken from the land is of as great value as what has been added to it—perhaps even greater. But even granting all this, no plan has been devised for assessing annual rents accurately and in a manner so undoubtedly accurate as to be satisfactory to all parties. Then it is not only necessary to assess it once but to follow its fluctuations from year to year. France once prepared a *cadastre* or survey, of all the land in the country with an accurate description and careful estimate of its annual rent, but it took forty-three years to do it, and the first part was antiquated before the last was finished. This was for purposes of taxation, and taxes in France to-day are based on this old *cadastre*. Doubtless one might be prepared in less time. Doubtless a revision of the *cadastre* would not be nearly so onerous an undertaking; still it must always be a labor of immense magnitude. This is simply one of the technical objections. Others must be omitted in this hasty sketch.

However, this thought occurs to one. We cannot forecast the future. I notice that Simon Sterne, who, I think, is very far from being a follower of Henry George, intimates in his article on monopolies in the “Cyclopædia of Political Science,” that public ownership of land may some day become necessary. This is doubtless the opinion of many careful economists. We ought not, then, to bind the future. As Jefferson says, in one of his writings, each generation ought to manage its own affairs and the dead ought not to be allowed to enslave the living. This is a most far-reaching principle, and we are violating it every day. We are, in fact, with our perpetual charters and grants, and our irrevocable laws and constitutions, binding posterity hand and foot. We want individual ownership of the soil; but we have no right to attempt to force that system of land tenure upon our great-grand-children. Doubtless they will be as wise and as good as we, and quite as capable of managing their own affairs.

Take the case of our railways. The most serious criticism upon our railway system is not perhaps that we allowed it to grow up as private property, but that we needlessly made it so difficult to operate them in the future as public property should we desire to do so. In other words, we have squandered the rights, privileges and property of future generations, and I believe it may safely be said that we have been more

reckless in this regard in the United States than in any great modern country. France granted ninety-nine year charters to railway corporations with the provisions that all railways should, at the expiration of that period, revert to the public without compensation. Austria did the same, and in both countries all railroads become public property before 1950. Berlin applied the same principles to street-railways. These are a few illustrations; but in this country we are attempting to dictate to our posterity one thousand years hence.

What are we to do about this? It is a hard question to decide how to respect present rights and at the same time shake off the chains of the past. John Stuart Mill says that no political treaty should, without revision and reinforcement, be valid for more than a generation. A similar principle is found in Bluntschli, who says that if we do not limit the power of the past generations, they could literally make slaves of us. Manifestly, the line must be drawn somewhere. But where? The same principle applies to charters and all perpetual grants. I know a little town where a past generation has given to a gas company the exclusive right to supply gas to its inhabitants "forever." Could there be a more ridiculous usurpation of the rights of future generations. It matters not that our constitutions, as construed by our courts at present, allow such absurdities. There are principles back of constitutions and underlying them and to which sooner or later they must be made to conform. I suppose then it would be fair to say that after such a date we should cease to respect perpetual grants just as, according to Bluntschli, we have a right to give notice to a foreign nation that after a given date we can no longer regard a certain treaty as binding upon us. To put the date one generation hence, however, is manifestly not sufficiently distant fairly to guard present rights. It is such a principle as this which the English naturalist, Alfred Russel Wallace, proposes to apply to land. He proposes to respect the rights of the present by providing for annual annuities equal to rent to all landlords to last during their lives, and to be continued "successively to any heir or heirs of the land-owner who may be living at the passing of the act, or who may be born at any time before the decease of the said owner. This would insure to the owner himself, and to all persons in whom he could possibly have any personal interest, the same net income from the land which they enjoyed before the passing of the act."

It is not possible in this place to discuss this complicated and difficult question of the relative rights of past, present and future generations. I wish simply to call attention to it as worthy of serious consideration, and pass over to minor reforms which are possible without radical changes in our laws or constitutions.

We have seen how greatly Baltimore would be benefited if it owned the ground-rents which are now the property of private individuals. Is there no way for municipalities to secure for the future any part of the advantages of the unearned increment of land, and thus to lower taxation while at the same time carrying out beneficent public works? I think so. The city of Savannah, in Georgia, has been accustomed to purchase agricultural land before laying it out for urban purposes, and then selling it after it has been laid out in city lots, often allowing a part or the whole of the price to remain unpaid, and charging perpetual interest on it; in other words, a ground-rent. Handsome profits have thus been realized and ground-rents are to-day paid to the city on some of the most valuable property in Savannah. Unfortunately the right of revision of ground-rents was not reserved and the annual payments often appear ridiculously low, so enormously has the value of ground increased. This principle might advantageously be extended. Lots might be leased for a term of years at auction, say twenty-five, then re-leased again with provision for purchase of improvements at our appraised valuation, as in Columbia College leases. If cities refused

to lay out any streets through agricultural property not owned by the municipality, they could purchase land for a comparatively low price, and gain for the public instead of speculators the advantages of the unearned increment in the value of city lots.

Boston could well have applied this principle with her redeemed back-pay land, and, had she done so, taxes might have been greatly lowered to the advantage of the industrial classes—and if to the detriment of the idle classes or to the diminution of their number, that would only be an additional advantage.

Nebraska, I am glad to hear, is doing something like this with her school lands. They are leased for a term of years, but I believe sold when they are worth seven dollars an acre. This is a mistake. They should be kept perpetually for all future generations. If Nebraska decides to do this, she will doubtless be able to have the grandest school system in time which the world has ever seen. Texas could well adopt the same plan. I am not sure but the states could pass some general laws of such a nature as to compel municipalities to reserve for themselves the greater part of the future unearned increment of city lots. The English Parliament has passed a law which compels all cities to limit all charters for street-car lines, gas companies, and electric lighting companies to twenty-one years, and also to reserve the right of repurchase at an appraised valuation of the actual worth of the plant with nothing for “good-will” or the business developed.

A limited application of this principle of reservation of the unearned increment would be beneficial. It has been already stated that more workingmen own their own homes in Baltimore than elsewhere, because they are obliged only to pay for the investment of capital and not to buy the lot for which they simply pay an annual charge. So in a state like Nebraska there will always be those who will not be able to buy land, but will gladly lease it. Such a class of farmers would be benefited by the opportunity to acquire land on twenty-year leases with a guarantee of fair compensation for improvements.

To urge a law upon Congress forbidding the sale of another acre of public land, or a longer lease under any circumstances than one for ninety-nine years, would also be a rational demand in the platform of a party of social reform. In an older country, like England, municipalities are seriously considering the purchase of private land to lease it in small parcels to tenants as a measure of social reform and a measure for social stability. Land is a great power. It is a splendid thing for a country to have plenty of it to use for public purposes. We of the United States have always considered our free land as a safety-valve. Every year we need this safety-valve more than ever before, and our need will constantly increase. What madness to squander our landed resources as we are doing!

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[\[Return\]](#)

*The Alfred Russel Wallace Page*, Charles H. Smith, 2015.