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THE CITY—JUSTICE ITS CORNER STONE

SPEECH

OF

HON. HENRY GEORGE, JR.

OF NEW YORK

IN THE

HOUSE OF REPRESENTATIVES

APRIL 13, 1914

WASHINGTON
1914

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SPEECH

OF

HON. HENRY GEORGE, JR.

The House in Committee of the Whole House on the state of the Union had under consideration the bill (H. R. 12873) relating to the assessment for taxation of real estate in the District of Columbia, and for other purposes.

Mr. GEORGE. Mr. Chairman, after more than two hours of oratory from the gentleman from Iowa [Mr. PROUTY] we get where? Everywhere, except in touch with the dispute in the District Committee over this bill. It is that dispute that now brings me to my feet. I dislike to differ from my colleagues. I particularly dislike to contend with the chairman of the committee [Mr. JOHNSON] or with my colleague, Judge PROUTY. But, nevertheless, I should not be faithful to this House and what I believe to be the rightful interests of the District of Columbia were I not to make strenuous objection to the bill that has been reported by the majority—the bill still bearing my name and called the George bill. It is not the George bill as introduced. It is a plain negation of the principal purposes of the original George bill.

I think I can explain much about this bill and about the controversy over it by stating how the bill came into being. When I became a member of this House I found myself placed on this committee. I made the early acquaintance of the chairman of the committee and explained to him that I had never had any legislative experience; that I did not know of what use I could be on the committee, but that I was willing to work, and I believed I could work on one subject better than on any other, and that that subject was taxation; that I had been down here years before as a press correspondent and had sat in the press gllery when Tom L. Johnson, of Ohio, was a member of this body, and made an exhaustive examination of taxation matters in the District of Columbia; that I had been close to Mr. Johnson in various ways and had taken a lively interest in the matter that he was investigating. I told him that from that investigation I believed myself qualified to undertake a similar investigation here in the District if the chairman would put me on a proper subcommittee of the House District Committee.

The chairman replied that there was no subcommittee on assessment and taxation, but that he would specially create one and make me chairman, which he did. That is how I came to be called chairman of the investigation out of which this bill came.

MR. JOHNSON, CHAIRMAN.

But the investigation which brought forth the George bill was conducted by another subcommittee of the District Com-

mittee, under House resolutions Nos. 154 and 200. Of that subcommittee Mr. JOHNSON himself became chairman, and I became an active member.

An early draft of a bill drawn by me on my own investigation contained the main features of the bill reported to this House, but that early draft was abandoned to await results of the investigation by the committee of which the gentleman from Kentucky [Mr. JOHNSON] was chairman. Realizing the difficulty of embracing all kinds of taxation in the inquiry, the committee, at my suggestion, restricted itself to the subject of real estate. The committee left most of the work to me, as the member who, by preliminary inquiry, was best equipped for it, and the subsequent report was written by me and signed by every member of the committee.

The report revealed the fact of great inequality in the assessment of real estate in the District of Columbia that worked a marked benefit for the owners of the higher-priced business and residence property, and particularly for the speculators who owned the extensive outlying vacant tracts. On the other hand, it worked great hardship on the thousands and thousands of small home owners in the District. The owners of valuable property, and particularly of the vacant tracts, were greatly underassessed and therefore bore light taxation. The 40,000 small homes of the department clerks and laborers in the District were correspondingly overassessed and heavily taxed.

COMMITTEE'S REPORT.

Therefore the plain duty of the committee was to report to the House the fact of this inequality in assessments and the best method of correcting them. The committee accordingly made an exhaustive report and made certain corrective recommendations to this House. These recommendations were very simple. They called for the assessment of the full, true value; the exercise by the assessor of his full powers for adducing testimony under oath relative to real estate values; annual instead of triennial assessments; repeal of the fixed tax rate of 1½ per cent and leaving the tax rate to be determined annually in accordance with the requirements of the budget; substitution of 12 field assessors for the 3 assistant assessors on field work; the creation of a board of tax appeals, from which the field assessors making assessments should be excluded; the restoration to the District of Columbia Commissioners of power to remove the assessor or any of the assistant assessors; and the transfer of the duty of making tax bills from the office of the assessor to that of the tax collector.

This report, containing these recommendations, was signed by all the members of the investigating committee, namely: BEN JOHNSON, HENRY GEORGE, jr., W. A. OLDFIELD, William C. Redfield, C. O. LOBECK, Cyrus A. Sulloway, L. C. DYER, and Victor L. Berger.

One of the recommendations in the report had already been embodied in a separate measure introduced by the gentleman from Kentucky, Mr. JOHNSON. That measure has passed this House and gone to the Senate. It provides for the recording of the true consideration in all real estate transfers. The other recommendations in the report were embodied in a bill by me, which, after several drafts, became known as the George bill.

It should be noted that this bill related primarily to real estate. When it came up for consideration in the committee the question was asked why personal property was not included. The reply was made that personal property was never considered by the committee; that the subject of personal property had not been examined by the committee; that the law on personal property should be left as it stood on the statute books, at any rate until the committee had had an opportunity to study the matter and was qualified to draft a separate bill on that subject.

PERSONAL PROPERTY TROUBLES.

But when objection was made that this might work a discrimination against personal property by leaving it subject to the fixed tax rate of 1½ per cent, while real estate would be subject to a fluctuating budget rate, and therefore at times at least to a lower rate, I made a new draft of the bill to include the assessment of the kind of personal property that is at present assessed under the law, "tangible" personal property; providing, however, that the tax rate on such tangible personal property be not a fixed one of 1½ per cent, but be determined by the needs of the budget, precisely as provided in the bill for fixing the rate of taxation on real estate.

But when this new draft of the bill was brought in objection was made that, having introduced personal property into the bill, all kinds of personal property, and not merely the "tangible" kind, should be treated, and that an amendment to increase the kinds of personal property would probably be introduced and be urged on the floor of the House. To avoid this danger yet another draft of the bill was made which struck out the whole question of personal property, leaving the law in respect to personal property as it stands, which law taxes only "tangible" personal property and at the fixed rate of 1½ per cent.

To make the matter very clear, I should repeat that the bill as it then stood provided for the assessment of real estate only and for the fixing each year of a tax rate on real estate by the District Commissioners according to the revenue needs. There was no reference in the bill to personal property.

COMMISSIONERS APPROVE.

At this stage the bill was, in the regular course of things, submitted to the Commissioners of the District of Columbia for their criticism, and received the following hearty approval:

COMMISSIONERS OF THE DISTRICT OF COLUMBIA,
EXECUTIVE DEPARTMENT,
Washington, February 17, 1914.

Hon. BEN JOHNSON, *Chairman Committee on the District of Columbia, House of Representatives.*

MY DEAR SIR: In response to request of the Committee on the District of Columbia of the House of Representatives for report on House bill 12873, the Commissioners of the District of Columbia have the honor to reply as follows:

The Commissioners urgently recommend the enactment of the bill into law. They are in complete accord with the purposes of the bill and are of the opinion that the work contemplated by its provisions is one of the most needed services in the District government.

The important provisions of the bill are as follows:

First. The establishment of annual assessments instead of triennial assessments as made at present.

Second. An increase in the assessment valuation from two-thirds to full value.

Third. The establishment of a fluctuating tax rate to be fixed by the Commissioners with a view to providing whatever revenue is needed by the District.

Fourth. The creation of an organization that can adequately and effectively carry out the purposes of the bill.

In the opinion of the Commissioners the bill adequately and comprehensively makes rational and constructive provision for placing the process of assessing property and raising revenue upon a sound, practical, and efficient basis under the taxation theory in force in the District of Columbia. It meets the fundamental criticism of assessments in the District of Columbia based upon the exhaustive investigation of that subject by the Committee on the District of Columbia of the House of Representatives and expressed as a matter of common knowledge in and out of the District for a great many years. That criticism is that it is utterly impossible under the existing law to make proper and intelligent assessments in this jurisdiction. The fact that assessments are triennial, the fact that they are made on a two-third interest of a full valuation, and the fact that only three men can be employed to do the work necessarily produce an assessment in which inequalities are bound to obtain. Although only three real estate assessors are provided the law requires that all three shall personally view every parcel of ground assessed. It is obvious, therefore, that the close attention and investigation demanded if an assessment is to be accurate and just can not be given under the existing system.

When to this is added the fact that the assessments are made every three years and that property values are constantly and in some sections rapidly changing, the impossibility of making a scientific assessment under the present law is doubly manifest. In establishing annual assessments in the District of Columbia Congress will be doing no more than following the well-demonstrated tendency of the world away from biennial or triennial assessments and toward annual or continuing assessments.

In the opinion of the commissioners, there is no theory upon which can be justified the assessment of property at anything less than its full value. There is no more reason for the District government to determine values upon a percentage basis of their full value than for private parties dealing with each other to consider property on a percentage of its full value. The experience of communities generally in the United States has been that assessments made upon a percentage valuation have merely offered opportunity for inequalities and injustice, either by design or by error. The simpler and more effective method of regulating the amount of taxes which the individual shall pay is by raising or lowering the tax levy, always upon a full valuation of the property affected.

The commissioners approve the provision of the bill which places in the hands of the commissioners the authority and responsibility for fixing the tax rate. In their opinion, a rigid tax rate fixed by law and immovable except by congressional action is economically unsound and an encouragement to extravagance in the expenditure of revenues. Practically every city in the United States except Washington approaches the raising and expenditure of revenues from a standpoint exactly opposite the one used here. In other cities the municipal officers charged with that responsibility make up a budget including the estimated necessary expenditures for the coming year and then fix their tax rate at a figure which will produce the amount of money required.

In the District of Columbia the commissioners and Congress first determine how much revenue the District will have, and then prepare a budget which it is estimated will consume that revenue. In other words, other cities make their revenues meet their needs, but in Washington the commissioners and Congress make their needs meet their revenues. The reason for this difference is that in the District of Columbia the tax rate is rigid and produces a certain sum of money automatically without regard to the needs of the community, while in other cities the tax rate is fixed each year to provile a certain needed sum. The system used in other cities is economically sound and tends to economy in municipal administration; the system in the District of Columbia is economically unsound and tends to extravagance in municipal administration.

The commissioners desire to point out that in view of the fact that it is impossible for the three assessors now provided by law justly and intelligently to assess the property of the District of Columbia every three years, it is obvious that it would be impossible for that many men to assess the property of the District of Columbia every year. It is imperative, therefore, that to accomplish the improvements contemplated under this bill and to make effective the reforms outlined

above more assessors will be necessary. The commissioners by reference to similar work in other cities find that the number of assessors provided in the bill will be no more than adequate. Their experience and observation also cause them to believe that the salaries for assessor and assistant assessors provided in the bill are necessary in order to get men of such a character and training as will make certain the accomplishment of the purposes of the measure.

Very respectfully,

THE BOARD OF COMMISSIONERS OF THE DISTRICT OF COLUMBIA,
By O. P. NEWMAN, *President.*

COMMITTEE DIVIDES.

But notwithstanding this high approval by the Commissioners of the District, some of the committee, led by the chairman, determined to change the character of the bill, and by a majority vote carried out their purpose. They struck out the budget plan of fixing a tax rate by the Commissioners based upon the revenue needs—a high rate if the revenue needs should be large, a low rate if the revenue need should be small, and in the place of this adjustable rate they placed the present fixed rate of 1½ per cent. They moreover reinserted personal property into the bill, and not only included "tangible" but also intangible personal property. Thus the result of their work was not only to extend the categories of taxable personal property but to fix a high rate of taxation upon them. In this form the so-called George bill has been reported to the House by the gentleman from Iowa, Judge PROUTY, for the majority of the committee. Nothing remained for the minority of the committee to do but to present as a minority report an earlier draft of the George bill which restricted taxable personal property to the tangible kind, as the law now stands, and which provided for the flexible budget plan of tax rate to be fixed by the Commissioners for such personal property the same as for real estate—a high tax rate if the revenue needs should be large, a low tax rate if the revenue needs should be small. This is the draft of the George bill which I, on behalf of the minority of the committee, have presented to the House, and which the gentleman from Iowa is pleased to think embodies an entirely new idea.

The bill introduced by the minority members of this committee is offered to this House in substitution of the bill introduced by the majority of the committee, and is practically the original George bill. The effect of the majority bill would be to increase materially the taxes of a very large proportion of the people of the District without benefiting the District government, for the need of the local government is not more revenue. More revenue can be secured at any time. Nobody doubts that the District of Columbia could be made to yield more revenue. The rates can be changed if there is necessity for more revenue.

This House, I believe, wants to pass a proper bill—wants to do justice. But I think there can be no justice in a kind of taxation provided under the majority bill. It was not the original purpose of the committee to report such a bill. It could not be the purpose of at least two of the men on the committee to so report. These men were in the former Congress and were among those who reported the exhaustive real estate examination. They are the chairman of the District Committee and myself. We both signed the report, and that report called for a just assessment of real estate and its taxation

under a budget plan, which is the prevailing system now in the larger cities of this country and in many parts of the world. Why, then, should the majority of the committee seek another course? Why should they try to raise more revenue than the present needs call for? Why fix a rate of taxation instead of adopting a fluctuating, adjustable plan? The answer is, because of the "half-and-half" principle.

HALF AND HALF.

This half-and-half principle is a feature of the existing law, which provides that the United States Government shall contribute a dollar toward District expenses for every dollar raised for such purpose by the District government. Each Government pays one-half of the local expenses. The District Committee of this House has had this feature of the law under consideration and has reported a bill abolishing it. That bill is on the Calendar of the House at this time and has been there for several weeks past. It could have been called up to-day for consideration in place of the so-called George bill. It could have been called up on the last preceding District day, and in fact might have been considered by the House on any District day for some time past, but it has not been called up; nor is there any certainty of when it will be called up. For there is great doubt as to whether or not the bill if called up would pass this House. In fact there is strong feeling in this committee that if the bill were to be called up at this time it would be defeated.

But there is a belief that if the half-and-half principle can not be killed now by a direct repeal act it might be killed indirectly through the so-called George bill, by causing that bill to raise enough revenue to meet all the needs of the District government without any contribution whatever from the Federal Treasury.

Mr. Chairman, I myself have strong feelings about the half-and-half principle. I made a speech upon that subject soon after becoming a Member of Congress. I took the ground that the half-and-half principle was not a good principle. The effect of taking money out of the Federal Treasury and giving it to the District of Columbia in appropriations in effect makes Washington a better place to live in and therefore booms the price of land here. The people of the District are charged in higher rents for any advantage given by the Federal Government through a half-and-half principle. You can see what would be the effect if the Federal Government should supply all the revenue needed by the District of Columbia. That would mean that the people who own Washington would not have to pay any taxes. Higher would go rents here because of this gift out of the Federal Treasury.

The fact of the matter is that this half-and-half principle enters into the consideration of all manner of questions before the District Committee, just as it has entered into the consideration of the so-called George bill.

ORIGINAL BILL WOULD HAVE PASSED.

The original George bill would have been reported to this House, I have no doubt, and would have passed this House without any difficulty whatever if the half-and-half principle had not been tangled up with it in this way. The gentleman

from Iowa who has reported the George bill, as it has been reported to this House, has, in my belief, had the purpose to show how, by a high fixed tax rate on a high valuation of various kinds of property, and more particularly on new kinds of property, an immense revenue would be raised that would make quite unnecessary any gift out of the Federal Treasury to meet the budget, and consequently effect the abolition of the half-and-half law.

The gentleman from Iowa has talked on a great number of subjects that I think are unnecessary to discuss in this debate. It is not necessary, for instance, to talk now about the form of government or of suffrage. The whole matter at issue comes down to a very simple question. Some gentlemen of the majority believe that we should report a bill that fixes 1½ per cent as the rate of taxation on real estate and upon personal property—tangible and intangible personal property—and without examination of what "intangible" property is or what is done about it elsewhere. It has been repeatedly urged by me in the committee to take up personal property for investigation, to go into it elaborately, call witnesses and experts, and make a full report before presenting a bill on the subject to Congress. But the majority of the committee decided to act without such an investigation, and so injected every kind of personal property into the George bill.

This action on the part of the majority was, moreover, a calm assumption that the taxation of all kinds of personal property is perfectly certain taxation, whereas nothing is more uncertain. A taxation maxim warns us not to attempt to tax anything that can run away, and the universal testimony of assessors is to the effect that such taxation falls heavily upon the poor, who can not evade or get away, and lightly upon the rich, who can seek less burdensome places. A very able lawyer practicing in the District of Columbia told me in conversation about personal-property taxation that he believed Congress could not frame a law in this respect that he could not show a client how to evade, and one of my colleagues here in this House, Mr. KEATING of Colorado, puts in my hands a clipping from a newspaper in his district—the Colorado Springs Gazette—in which I find the report of a very brilliant speech recently delivered by Mr. John B. McGauran in All Souls Unitarian Church. Mr. McGauran said:

SCIENTIFIC BURGLAR'S JOB.

Pick out the most scientific and successful burglar you can find for the next assessor of El Paso County. He is the only one who will be able to find out how much personal property has been untaxed in your community for years, not through the failure of the assessor to do his duty but through the present tax system which puts a premium on perjury in dishonest returns on his tax sheet.

I also offer in this connection an extract from an article by Henry M. Hyde that appeared recently in the Chicago Tribune, telling of the actions of Tax Commissioner "Joe" Pastoriza in Houston, Tex.

Mr. Hyde says:

As soon as he was appointed, Pastoriza announced that he would not try to collect any taxes on personal property. Not one-tenth of the personal property was ever discovered; it simply made half the people of the town perjure themselves; and all the real taxable value was in real estate anyhow. * * *

Presently and naturally the big real estate owners of the city got frightened. They called on the mayor and demanded that Pastoriza must stop his revolutionary talk. * * *

"All right," said Pastoriza, finally, "I will do as you say and obey the law just as it is written." He picked up a sheet of paper and a lead pencil. "I'll begin with myself. I've got $5,000 cash in bank, $13,000 loaned out on mortgages, and $20,000 in real estate. I'll write them all down opposite my own name.

"Now we'll take you, Mr. Smith," he said addressing the chairman of the committee and one of the richest men in the city. "If I have $5,000 in bank, you must have at least $50,000. We'll put that down. If I have $13,000 loaned out, you must have at least $75,000 invested in mortgages. We'll put that down."

Pastoriza went on with two or three other members of the committee in the same way. Finally they all threw up their hands. If Pastoriza's talk about taxing nothing but land was revolutionary, this threat that he would really enforce the law and tax all personal property was complete madness. Anything was better than that. They agreed to let Pastoriza go ahead with his scheme.

A POOR WOMAN'S CASE.

Returning to the District of Columbia the assessor's books show some pitiable entries, to wit: Mrs. Martha J. Bigoness on the Chain Bridge Road. She is taxed on garden tools, $10; 1 mare, $80; 2 cows, $70; 3 dozen hens, $15; 1 carriage, two seats, $40; 1 wagon, $25; 1 buggy, $25. Total value, $265. Tax, $3.98.

This case is but a single illustration of one of the ways which personal-property taxation operates upon the poor in the District of Columbia. Had Mrs. Bigoness been a rich woman perhaps her personal property, obviously of so little value, would not have been considered worth putting on the tax list and while the amount of the tax she has been called upon to pay is small it has materially increased the cost of living to her. Bonds and diamonds of the rich can be hidden or carried away and thus escape taxation, but Mrs. Bigoness can not hide or carry away the forms of her personal property which constitute so material a part of her fortunes, upon which her very livelihood depends.

Mr. COADY. Will the gentleman yield?

Mr. GEORGE. I will.

Mr. COADY. The gentleman during the course of his remarks has spoken about this report as being a majority report. The gentleman knows that the report is signed by only 8 out of 20 members of the committee.

Mr. GEORGE. Yes. The majority report is signed by 8 members of the 20 members, and the minority report is signed by 7, but I have conceded, simply followed the usage of the House, and supposed that there are some other members who signed the majority report subsequent to those whose names appear in the printed report.

Mr. JOHNSON of Kentucky. Will the gentleman permit an interruption?

Mr. GEORGE. Yes.

Mr. JOHNSON of Kentucky. I will say for the enlightenment of the House on the subject that the majority report is signed only by those who were present when the vote upon this matter was taken. The substitute which the gentleman from New York [Mr. GEORGE] has offered, which the committee never had an opportunity to see, is signed by more than were present upon the occasion when final action was taken. It seems from the report that Members who were not present

have been polled for the purpose of signing a minority report, when they were not present at the time of voting. A previous vote was taken when those who signed the majority report nearly doubled those who have actually signed it.

Mr. GEORGE. And there were times, Mr. Chairman, when the minority number was very much more than seven and when the majority was only one in excess.

Mr. JOHNSON of Kentucky. Yes; in one instance when there was a very small attendance, and the condition the gentleman from New York stated is correct, though it is but fair to the majority who signed this report to say that no member of the committee who was not present at the final action has been asked or permitted to sign.

WHO SIGNED THE REPORTS.

Mr. GEORGE. And it is also proper to tell the House that the minority had to withdraw and make a report by themselves; they could not of necessity make their report at this final meeting of the whole committee, of which the gentleman from Kentucky speaks, but did it at another place and at another time, and had to get members together in order to get them to report, just as they could.

Mr. JOHNSON of Kentucky. Which was not in a meeting of the committee.

Mr. GEORGE. Not in a meeting of the committee, but it was perfectly obvious that it was on this committee business, and it could not possibly be on any other.

Mr. JOHNSON of Kentucky. I will ask the gentleman if anybody who signed the majority report had any notice of the meeting of which he speaks?

Mr. GEORGE. I consulted with the chairman of the committee as to the time of making the report and how to make the report, telling him I knew nothing of this kind of business, and if I have broken any of the rules of the House or any of the customs of the House, or in any way have been derelict in this matter, I beg the consideration of the House, and I also beg to inform the House that I was governed as much as I could be by the judgment and advice of the chairman of the committee.

Mr. JOHNSON of Kentucky. I desire to say that I did not in the slightest intend to reflect upon the gentleman in any way, and he knows full well that I did not. The question which was put to the gentleman from New York by the gentleman from Maryland [Mr. COADY] was for the purpose of showing that a majority of the committee had not signed the majority report; whereas, as a matter of fact, upon every vote taken at the many meetings that the committee had a majority of those present was as it is now, and nobody who was not present was permitted to sign this report.

Mr. COADY. May I ask the chairman a question? Of course my purpose was not to question whether a majority of those present at the meeting signed the majority report. That is true. Is it not altogether true that the majority of the whole committee signed in favor of this bill as amended?

Mr. JOHNSON of Kentucky. Let me understand you, please.

Mr. COADY. I want to know if it is true that a majority of the committee is opposed to this bill as amended?

Mr. JOHNSON of Kentucky. Why, no, indeed. Such a thing is beyond reason, because every vote that was ever taken in the committee resulted the same way as when this vote was taken.

Mr. COADY. The gentleman misunderstands me. I said a majority of the whole committee, so far as the gentleman knows?

Mr. JOHNSON of Kentucky. I do not entertain the slightest doubt that an overwhelming majority of the committee is for this bill just as it has been reported.

Mr. MANN. Will the gentleman from New York yield?

Mr. GEORGE. Yes.

Mr. MANN. The gentleman said he was not familiar with the practice. I think the usual practice for a committee which orders a bill reported is for one man to report it in behalf of the committee. It is very unusual for the majority to sign the committee report. Of course, it is done, but it is not required to be done. And then the minority should submit their views, and not a report, and sign them. It is the customary and proper thing to do.

THE CUSTOM OF THE HOUSE.

Mr. GEORGE. Therefore the minority followed the custom of the House and a majority did not?

Mr. MANN. They did not follow the custom.

Mr. IGOE. If the gentleman will permit, in order to get myself straight in this RECORD, I will say that at the meeting, when the vote was taken, I reserved the right to sign any minority report that would meet my views. I did not know what the report would be.

A MEMBER. Write it yourself.

Mr. IGOE. I did not have to write one myself. I found one that was satisfactory.

Mr. GEORGE. Mr. Chairman, to get back to taxation, I understood originally that this House wanted information on the subject of taxation in the District, and I undertook, with the help of my associates and the very strong approval of the chairman of the committee, to make an investigation of real estate in the District. I do not profess to know much more than that, except as any Member of this House may know about his district and about things generally in the United States. And I presented a bill embodying the things I have found in the District of Columbia, which I understood this committee to be unanimous about, until the half-and-half question arose.

The committee had approved a half-and-half repeal bill (Crisp bill), and it is on the calendar. But the committee has not taken that bill off the calendar. It is still there. It could be taken up at any time, and we could settle here and now this question of whether or not the Federal Government should make a gift of one-half or other part toward the District of Columbia expenditures. But we are not doing that. We are not venturing to do that. Evidently we are afraid to do that. The majority of the District Committee proposes to hit the thing in another way. That other way is, as I have said, through the so-called George bill, reported by the gentleman from Iowa. I never had any purpose of embodying such an idea in my bill and I repudiate it. I come upon this floor to beat such a bill, and, if I can, to substitute the original idea of

the George bill and have that George bill go through this House and go to the Senate embodying the original ideas.

It is deplorable indeed that there should exist such a condition in the District of Columbia that prevents Congress from passing a simple taxation measure without involving this half-and-half question. Every time we come upon this floor we get involved in this question. The last appropriation bill involved it. When the appropriation bill went over to the Senate the half-and-half was involved there. The newspapers took it up, and everybody was confused. The men who really believe that there should be no contribution from the Federal Treasury are regarded as scoundrels by a lot of people in the District of Columbia because the newspapers say they want to rob the District of money that the people of the United States intend through Congress to contribute to the District.

Now I, myself, am clear on this half-and-half question. I should like to bring it up, not in this bill, but in a separate bill. Let us have a vote on it. Let it be decided once and for all. Let us have a half-and-half principle, a three-quarters principle, a quarter principle, or any kind of a principle you please. But this ought to be a distinct and separate matter from the George bill.

PRIVATE PROFITS FROM TAXATION.

There is no doubt that many people have been using taxation powers in the District of Columbia for their own profit. There is no doubt that the poor men in the District who own or who are struggling to get little lots and homes have been taxed too high and that a great number of rich owners in the District have been taxed too low. These are plain things, and every man who is interested in the District of Columbia wants to have them changed. We have plainly stated the case in the George bill. I think so and I think that up to the time of our confusion the whole committee thought so. The District chairman [Mr. JOHNSON of Kentucky], for whom I have great respect and with whom in the past I have worked in the greatest possible harmony and who gave me his support up to this time, thought so. All of us would be in harmony to-day if it were not for this half-and-half principle. That has confused the matter.

What I have set out to do, and what I shall propose at the proper time to do, is to offer the substitute in the minority report for the bill reported by the majority and have that pass this House. It does not involve the half-and-half principle. It leaves the half-and-half principle for this House to settle in some other way. The committee can bring it up at some other time.

Then, as to personal property taxation, it is a perfectly simple matter to bring up in the committee for investigation. A bill can be drawn, based upon the findings of that investigation. That would give a logical and proper process to the workings of the committee and to the justice of the case.

If you pass this bill offered by the gentleman from Iowa [Mr. PROUTY] you are in result repealing the half-and-half law without bringing that principle upon this floor. You are doing grave injustice to the small home owners of the District. You are getting taxations matters woefully confused. I will work, and I am not afraid of work. I have made myself sick in this

committee by work. But I am willing to work only when there is a definite object in sight, and that object is for the benefit of the District of Columbia. But obviously there can be no hope of such a result when stray questions are permitted to confuse councils. Therefore, I scornfully repudiate the so-called George bill reported by the majority of the District Committee to this House.

Mr. MURDOCK. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman from New York yield to the gentleman from Kansas?

Mr. GEORGE. I yield to the gentleman.

Mr. MURDOCK. Some time in the last year I read a considerable portion of a very interesting report that the gentleman from New York made about taxation in the District, and my recollection is that he divided the city of Washington into four or five different parts, and he showed that the very rich people paid some 40 per cent of actual valuation and that the poor people paid something like 75 or 80 per cent—I have forgotten which. Was that in the report?

Mr. GEORGE. Yes; practically that.

Mr. MURDOCK. What caused that? How could that be done?

UNEQUAL ASSESSMENTS.

Mr. GEORGE. By wrong assessments.

Mr. MURDOCK. It was simply faulty assessments?

Mr. GEORGE. Yes, sir. I will explain to the gentleman that the assessor and his assistants coming before the committee complained that they had not adequate help. They were required, under the law, to do other things that consumed their time, and that they could not make a proper assessment, even though these assessments were made only once in three years. The bill I drew met that situation by increasing the number of assessors and giving them powers they never before had.

Mr. MURDOCK. Now, if the present bill brought before the House corrects that condition, why should we not support it? I have heard the gentleman from Iowa [Mr. PROUTY] this morning for a few moments say that this was the child of the gentleman from New York, and now I have just heard the gentleman from New York say he repudiated the child. Why should not this House pass that bill if it will bring about the correction of the evil the gentleman has just stated? I want to be clear on it.

Mr. GEORGE. I hope the gentleman will support that part of the bill. The minority want that; but the part of the bill that the minority does not want, the part which it expressly repudiates, relates to the assessment and taxation of all personal property in the District of Columbia, which it does not believe in. There are some kinds of personal property now assessed and taxed, and they are in the George bill. We did not go any further than that, because there has been no examination of this branch of taxation in the District; and it seemed an injustice; it seemed to be a foolish process of taxation to incorporate some things for taxation that had not been expressly examined.

Mr. MURDOCK. Does not the gentleman's remedy lie in a motion to recommit, so that that part which is objectionable may be left out?

Mr. GEORGE. That would be a proper course; yes.

Mr. MURDOCK. I do not see any necessity, then, for the gentleman disclaiming this child.

Mr. GEORGE. At the proper time I will expect the gentleman's support.

Mr. MURDOCK. I want to say to the gentleman that I am against the half-and-half proposition from the ground up.

TROUBLE WITH SECOND SECTION.

Mr. IGOE. The gentleman from Kansas does not understand that the whole objection is in section 2 of the bill. Section 2 of the bill as originally framed by the gentleman from New York has been changed by the majority of the committee so as to provide not only for the assessment of all personal property and real estate, but at a fixed rate of 15 mills for all kinds of property.

Mr. GEORGE. Yes. I hope the gentleman understands.

Mr. MURDOCK. I fairly do, except that the gentleman from New York has been talking about the half-and-half system, a system to which I am opposed, and I take it that the gentleman from New York is opposed to it, and the gentleman from Kentucky [Mr. JOHNSON] is opposed to it. Now, really where is the trouble? I can not find it myself.

Mr. GEORGE. The gentleman did not understand what I said about the half-and-half proposition, and he certainly did not understand what the gentleman from Iowa [Mr. PROUTY] said about it. He probably made too long a speech for you to stay and hear it all. [Laughter.]

Mr. MURDOCK. I do not plead guilty; but go ahead.

Mr. GEORGE. The second section of the George bill was cut out, and a substitute section was put in by the majority, and the bill was then reported to the House. That is the George bill that you see to-day.

Mr. McCOY. That is the one I want to repudiate.

Mr. GEORGE. Now, to make it just a little fuller, if the gentleman will permit——

Mr. MURDOCK. Let us hear it.

Mr. GEORGE. There are two features in the substitute that are different from the original George bill. The substitute second section cut out the principle of a budget rate, which is a fluctuating rate, to be fixed by the Commissioners of the District according to the necessities of the case each year. It would be a high rate of taxation one time, and a low rate of taxation another time, according to the revenue needs of the District. It is a perfectly just system. It has been a success elsewhere and ought to be adopted here.

A BUDGET RATE.

Mr. SHERLEY. Will the gentleman yield right there?

Mr. GEORGE. Yes.

Mr. SHERLEY. How do you propose a budget system without determining what ratio the Federal Government, as such, shall bear to the total expense? Assuming that the Federal

Government was to bear a half or a third or a fourth you would have a different rate of taxation in order to raise the District's portion, according as the Government paid the half, the third, or the fourth. In other words, how can the commission determine the rate on a budget theory unless prior to that the question of what proportion of the total is to be borne by the District and what by the Federal Government is determined?

Mr. GEORGE. The provision was so worded that the commissioners could determine that rate if there was a half-and-half law operating, or if there was some other law operating—so that we could let the half-and-half remain on the statute books or sweep it away. The commissioners, knowing what they had to do, with the help of the half-and-half or without it, could fix the rate accordingly.

Mr. SHERLEY. In other words, it was predicated upon the idea that prior to fixing the rate the ratio of contribution from the Federal Government would have been determined?

Mr. GEORGE. The gentleman is exactly right.

Mr. TRIBBLE. Will the gentleman yield?

Mr. GEORGE. Yes.

Mr. TRIBBLE. Different gentlemen have spoken in regard to the comparative tax rates of different cities throughout the country, as indicated on that chart there. Now, does that refer to the municipal taxes of those various cities?

Mr. GEORGE. Do not ask me about that wonderful map. It is not mine.

Mr. TRIBBLE. In the figures that we have given us, in the comparison of the tax rates of Washington, New York, Atlanta, and other cities, are those illustrations given as municipal rates?

Mr. GEORGE. Will the gentleman from Georgia ask the gentleman from Iowa about that?

Mr. TRIBBLE. Yes, I will ask the gentleman.

Mr. GEORGE. I will grant the time.

Mr. PROUTY. The figures given in those tables are supposed to be the actual amount of money that each municipality raises on its property for municipal, State, and county purposes.

Mr. TRIBBLE. This city does not pay any tax except a municipal tax. It is a part of the Government. Now, has the gentleman considered this fact——

The CHAIRMAN. The time of the gentleman has expired.

Mr. GEORGE. What time has expired?

The CHAIRMAN. One hour.

Mr. MANN. I ask unanimous consent that the gentleman have 45 minutes more.

Mr. GEORGE. To get this matter of time straight, is the minority to have as much time as the majority?

Mr. PAYNE. It should have; yes.

Mr. GEORGE. Then, there will be granted, in addition to 1 hour, 45 minutes, then 30 minutes, and then 10 minutes?

Mr. MANN. We will give you all the time you need, I think.

The CHAIRMAN. The Chair will state that there is no positive arrangement about the time, but he is aware of what happened in the other instance.

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Mr. PROUTY. So far as I can control it, I will state that I shall be glad to yield to that side all the time they want and will ask that they have it.

The CHAIRMAN. The gentleman from Illinois [Mr. MANN] asks unanimous consent that the gentleman from New York have 45 minutes more time. Is there objection?

There was no objection.

Mr. GEORGE. Mr. Chairman, I will reserve that time, then.

Mr. TRIBBLE. As I understand, county and State taxes are not estimated in this comparison.

Mr. PROUTY. Yes; they are.

Mr. MADDEN. But I understand there is one thing that is not included, and that is special assessments for the improvement of streets and the construction of sidewalks and sewers.

Mr. PAYNE. Mr. Chairman, who has the floor?

Mr. GEORGE. I will yield to Judge Prouty to answer the question relating to his chart.

Mr. PROUTY (to Mr. GEORGE). Under your bill there was no change made in the rate of assessment of personal property, was there?

Mr. GEORGE. In one of my bills——

Mr. PROUTY. The one that came before the committee.

Mr. GEORGE. A bill was introduced with no mention of personal property, and therefore no fixing of the rate in any way.

Mr. PROUTY. It left the rate on personal property as at present?

Mr. GEORGE. Yes.

Mr. PROUTY. Assuming the value of real estate as estimated in your report is correct, $744,000,000, and the Commissioners found it necessary to levy on that for enough to make up what was needed, with the $7,000,000, approximately, that would be collected from the other sources, has the gentleman done any figuring to ascertain what rate of taxation the Commissioners would have to levy on real estate to make up that $7,000,000?

Mr. GEORGE. I have not; there was no necessity of my figuring on that.

Mr. PROUTY. If there were $744,000,000 worth of real estate, and you only had to assess enough to make up the deficit, is not the gentleman from New York mathematician enough to know that it would only take a rate of 6 mills?

Mr. GEORGE. "If ifs and ands were pots and pans"—the gentleman knows the rest of it.

Mr. PROUTY. The gentleman does not mean to cast any reflection on his own figures.

Mr. GEORGE. No, you are naming the figures.

Mr. PROUTY. I am quoting from the gentleman's report.

Mr. GEORGE. I will say to the gentleman I can not answer him. The gentleman has done a lot of speculation as to what would fall on personal property and what would fall on real estate if my version of the bill were to pass. I will tell the gentleman that I would leave to the Commissioners of the District the business of determining what tax rate on real estate and tangible personal property will raise enough revenue to meet the needs of the District.

THE SIMPLE CASE.

Mr. MANN. Will the gentleman yield for a question?

Mr. GEORGE. Certainly.

Mr. MANN. I want to see whether I understand the gentleman's position. Congress makes various appropriations for the District of Columbia, some in the District of Columbia appropriation bill, some in the legislative bill, some in the sundry civil bill, some in some other bills, and in each case specifies how much money shall be paid out of the funds belonging to the District of Columbia in the Treasury. Do I understand the gentleman's bill to mean that when these appropriations are all made, specifying the amount that is to be paid out of the District treasury, then the District of Columbia Commissioners shall fix a tax rate on the property which has been assessed which will raise this sum of money?

Mr. GEORGE. Yes.

Mr. MANN. And they will not fix the rate until after the appropriations have been made?

Mr. GEORGE. After the appropriations are made.

Mr. MANN. The appropriations specify out of what fund they shall be paid, so that there is no difficulty about the half-and-half principle. You would not raise the money in the District if the appropriation said that it was to be paid out of the General Treasury, and if it was to be paid out of District fund, the District Commissioners would ascertain the rate which would raise that sum of money?

Mr. GEORGE. Yes.

Mr. MAPES. Will the gentleman yield?

Mr. GEORGE. Certainly.

Mr. MAPES. The original George bill did not change in any way the half-and-half principle; it simply provided that in raising the one-half that was to be raised by District taxation the rate should be established by the District Commissioners?

Mr. GEORGE. The first bill brought into the committee and discussed by the committee when the gentleman from Michigan was present contained no reference to the half-and-half principle, but one of the gentlemen on the minority side thought that there should be a provision in the bill which would make it adjustable to whatever should be the agreement of Congress as to the half and half, or as to any other proportion that the Federal Treasury should contribute. And the bill was made adjustable by a provision which I think the gentleman knows about.

Mr. MAPES. But the bill at no time attempted to abolish the half-and-half principle?

Mr. GEORGE. It did not and does not now.

Mr. GOULDEN. Will the gentleman yield?

Mr. GEORGE. Yes.

Mr. GOULDEN. What is the amount of personal property in the District subject to taxation as returned by the assessors?

Mr. GEORGE. I can not answer the gentleman.

Mr. GOULDEN. Approximately?

Mr. GEORGE. I can not tell.

Mr. GRAHAM of Illinois. The gentleman from Iowa [Mr. PROUTY] said about $100,000,000.

Mr. LEVY. Will the gentleman from New York yield?

Mr. GEORGE. Yes.

Mr. LEVY. I would like to know the difference between these two bills. Your bill is to levy taxes by a budget, with the Government supplying its share. The other bill is to make a rate of 1½ per cent on a full valuation, which may amount to many millions more than would be the needs of the District. Is that it?

Mr. GEORGE. That is, so far as described, correct. But in addition the majority tax various kinds of personal property, while the minority tax only tangible property.

Mr. LEVY. Does the bill reported by the majority do away with what the Government is supposed to pay as its half?

Mr. GEORGE. I think it intends to effect that result.

Mr. LEVY. If the rate was fixed at 1½ per cent on real estate and all kinds of personal property, it might raise millions more than the District needed.

Mr. GEORGE. Yes; it might make unnecessary any contribution from the Government.

Mr. LEVY. And indirectly that might repeal the half-and-half principle?

Mr. GEORGE. Yes. Mr. Chairman, I reserve the remainder of my time.

[Mr. JOHNSON of Kentucky addressed the House.]

THE SINGLE TAX.

Mr. GEORGE. Mr. Chairman, to refer to what the gentleman from Kentucky has just said, I did not think that "single taxation" had any material part in the affairs of the District Committee at any time. There were but two believers in the single-tax idea who were active in these committee taxation matters—Mr. Crosser, of Ohio, and myself. I twice took occasion to define the meaning of the single tax in order to make clear to the members of the committee who were not prepared to vote on that question that it was not involved in the bill I had drawn or in the position I was taking. And neither then nor later did any question arising in the committee or any vote taken there turn on the single tax. More than one year before the George bill was brought into the committee, and when the committee of the Sixty-second Congress was engaged in the inquiry into assessment and taxation matters, the Chairman of the committee, Mr. JOHNSON of Kentucky, asked me not to introduce that question into the report on which at that time I was working with his knowledge and approval, and with the knowledge and approval of the whole committee. I assured the chairman that since the committee had not included the application of the single tax in the scope of its inquiry I did not think that I as one member had the right to use the report as a place to promote or expound that doctrine.

Mr. JOHNSON of Kentucky. If the gentleman will pardon me just a minute, he is bound to know that my request to him not to inject the single-tax method into any of this controversy was because I believed that no such thing was necessary. The gentleman in the Sixty-second Congress prepared a report that is going to stand here as a valuable piece of work for many years yet to come. He and I both agreed then, and we agree now, that real estate in the District of Columbia is under-

assessed. Now I am ready to join him any day to help tax real estate in the District of Columbia as it ought to be taxed. But the gentleman knows that section 2 of his bill, as originally introduced, necessarily brings in this question, and the gentleman knows how I regretted that it brought it in. He knows how I have pleaded with him not to bring it in, but at last it is here, and we can not help it.

Mr. GEORGE. Mr. Chairman, I do not think the gentleman and I agree on the term "single taxation." To make the matter clear to the House I shall explain that I mean by the term "single tax," one tax, a tax falling upon ground values, excluding improvement values. I mean no personal-property taxation, no income taxation, no kind of taxation of any sort except one, single tax; that tax to fall upon ground values, excluding improvements. That to me is the single tax. Surely the gentleman could not intend to imply that that question was involved when he said that the first question to split the committee was "single taxation." The committee did not take up that subject at all. It was not even mentioned except as I mentioned it to make explicit the fact that my bill was not a single-tax measure, and as Mr. CROSSER and I briefly spoke to explain the single-tax principle.

"SINGLE TAXATION."

I do not know what the gentleman from Kentucky means when he says "the gentleman knows that section 2 of his bill as originally introduced brings in this question, and the gentleman knows how I regret that he brought it in. He knows how I have pleaded with him not to bring it in; but at last it is here, and we can not help it."

The gentleman seems to refer to "single taxation" as the cause that was brought into the committee and split it. Now, the bill as originally introduced—that is, my first printed bill—was dated December 17, 1913, and section 2 read as follows:

SEC. 2. That upon the assessed value of real and personal property the Commissioners of the District of Columbia shall hereafter annually levy a tax of such per centum as shall raise sufficient revenue, first, to satisfy any deficit in the account of the District of Columbia with the United States Treasury; and second, to meet the estimates for support of the government of the District submitted to Congress by said commissioners; such tax rate to be reduced by any current surplus in the account of the District of Columbia with the United States Treasury.

It can be seen that "single taxation" did not appear in this section, so that it could not have "split" the committee, as the gentleman from Kentucky has stated. In truth, I think that the gentleman from Kentucky, has become confused about the cause of the "split" in the committee. That cause appeared in section 2, above quoted, and was embodied in the provision that the Commissioners of the District should annually fix the tax rate in accordance with the local needs. It was to that that the gentleman objected, and "pleaded" with me to change to a fixed rate of 1½ per cent, regardless of whether the District needs should require at one or another time much or little revenue. I repeat, it was not the single tax that "split" the committee. It was the advocacy in the early and in the succeeding drafts of my bill of the budget plan of having the Commissioners fix a tax rate dependent upon the needs of the District.

This is not to say that I am not a single taxer. I am a single taxer all the time, and I hope the single tax will come into Congress and be adopted some day, because it means justice for everybody; it means more use of the land, more wealth, more houses, more ease and happiness; will improve the District of Columbia and make it a so much better city to live in as to make it a model for all the cities of the country.

In order to make clear what the single tax really is, I will introduce in my remarks at this point a brief statement of it as prepared by my father.

THE SINGLE TAX—WHAT IT IS AND WHY WE URGE IT.

[By Henry George.]

I shall briefly state the fundamental principles of what we who advocate it call the single tax.

We propose to abolish all taxes save one single tax levied on the value of land, irrespective of the value of the improvements in or on it.

What we propose is not a tax on real estate, for real estate includes improvements. Nor is it a tax on land, for we would not tax all land, but only land having a value irrespective of its improvements, and would tax that in proportion to that value.

Our plan involves the imposition of no new tax since we already tax land values in taxing real estate. To carry it out we have only to abolish all taxes save the tax on real estate, and to abolish all of that which now falls on buildings or improvements, leaving only that part of it which falls on the value of the bare land increasing, so as to take as nearly as may be the whole of economic rent, or what is sometimes styled the "unearned increment of land values."

That the value of the land alone would suffice to provide all needed public revenues—municipal, county, State, and National—there is no doubt.

To show briefly why we urge this change let me treat (1) of its expediency, and (2) of its justice.

From the single tax we may expect these advantages:

1. It would dispense with a whole army of tax gatherers and other officials which present taxes require, and place in the treasury a much larger proportion of what is taken from the people, while by making government simpler and cheaper, it would tend to make it purer. It would get rid of taxes which necessarily promote fraud, perjury, bribery, and corruption, which lead men into temptation, and which tax what the nation can least afford to spare—honesty and conscience. Since land lies out of doors and can not be removed, and its value is the most readily ascertained of all values, the tax to which we would resort can be collected with the minimum of cost and the least strain on public morals.

2. It would enormously increase the production of wealth—

(a) By the removal of the burdens that now weigh upon industry and thrift. If we tax houses there will be fewer and poorer houses; if we tax machinery there will be less machinery; if we tax trade there will be less trade; if we tax capital there will be less capital; if we tax savings there will be less savings. All the taxes therefore that we should abolish are those that repress industry and lessen wealth. But if we tax land values there will be no less land.

(b) On the contrary, the taxation of land values has the effect of making land more easily available by industry, since it makes it more difficult for owners of valuable land which they themselves do not care to use it hold it idle for a larger future price. While the abolition of taxes on labor and the products of labor would free the active element of production, the taking of land values by taxation would free the passive element by destroying speculative land values, and preventing the holding out of use of land needed for use. If anyone will but look around to-day and see the unused or but half-used land, the idle labor, the unemployed or poorly employed capital he will get some idea of how enormous would be the production of wealth were all the forces of production free to engage.

(c) The taxation of the processes and products of labor on one hand and the insufficient taxation of land values on the other produce an unjust distribution of wealth which is building up in the hands of a few fortunes more monstrous than the world has ever before seen, while the masses of our people are steadily becoming relatively poorer. These

taxes necessarily fall on the poor more heavily than the rich; by increasing prices they necessitate a larger capital in all businesses and consequently give an advantage to large capitals; and they give, and in some cases are designed to give, special advantages and monopolies to combinations and trusts. On the other hand, the insufficient taxation of land values enables men to make large fortunes by land speculation and the increase in ground values—fortunes which do not represent any addition by them to the general wealth of the community, but merely the appropriation by some of what the labor of others creates.

IDLE CLASSES, RICH AND POOR.

This unjust distribution of wealth develops on the one hand a class idle and wasteful because they are too rich, and on the other hand a class idle and wasteful because they are too poor—it deprives men of capital and opportunities which would make them more efficient producers. It thus greatly diminishes production.

(d) The unjust distribution which is giving us the hundredfold millionaire on the one side and the tramp and pauper on the other generates thieves, gamblers, social parasites of all kinds, and requires large expenditure of money and energy in watchmen, policemen, courts, prisons, and other means of defense and repression. It kindles a greed of gain and a worship of wealth and produces a bitter struggle for existence which fosters drunkenness, increases insanity, and causes men whose energies ought to be devoted to honest production to spend their time and strength in cheating and grabbing from each other. Besides the moral loss, all this involves an enormous economic loss which the single tax would save.

(e) The taxes we would abolish fall most heavily on the poorer agricultural districts and would tend to drive population and wealth from them to the great cities. The tax we would increase would destroy that monopoly of land which is the great cause of that distribution of population which is crowding the people too closely together in some places and scattering them too far apart in other places. Families live on top of one another in cities because of the enormous speculative prices at which vacant lots are held. In the country they are scattered too far apart for social intercourse and convenience, because, instead of each taking what land he can use, everyone who can grabs all he can get, in the hope of profiting by its increase of value, and the next man must pass farther on. Thus we have scores of families living under a single roof and other families living in dugouts on the prairies afar from neighbors—some living too close to each other for moral, mental, or physical health, and others too far separated for the stimulating and refining influences of society. The wastes in health, in mental vigor, and in unnecessary transportation result in great economic losses which the single tax would save.

Let us turn to the moral side and consider the question of justice.

The right of property does not rest on human laws; they have often ignored and violated it. It rests on natural laws—that is to say, the law of God. It is clear and absolute, and every violation of it, whether committed by man or a nation, is a violation of the command "Thou shalt not steal." The man who catches a fish, grows an apple, raises a calf, builds a house, makes a coat, paints a picture, constructs a machine, has, as to any such thing, an exclusive right of ownership, which carries with it the right to give, to sell, or bequeath that thing.

But who made the earth that any man can claim such ownership of it, or any part of it, or the right to give, sell, or bequeath it? Since the earth was not made by us, but it is only a temporary dwelling place on which one generation of men follow another; since we find ourselves here, are manifestly here with equal permission of the Creator, it is manifest that no one can have any exclusive right of ownership in land, and that the rights of all men to land must be equal and inalienable. There must be an exclusive right of possession of land, for the man who uses it must have secure possession of land in order to reap the products of his labor. But his right of possession must be limited by the equal right of all and should therefore be conditioned on the payment to the community by the possessor of an equivalent for any special valuable privilege thus accorded him.

When we tax houses, crops, money, furniture, capital, or wealth in any of its forms we take from individuals what rightfully belong to them. We violate the right of property, and in the name of the State commit robbery. But when we tax ground values we take from individuals what does not belong to them, but belongs to the community, and which can not be left to individuals without the robbery of other individuals.

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WHAT THE VALUE OF LAND IS.

Think what the value of land is. It has no reference to the cost of production, as has the value of houses, horses, ships, clothes, or other things produced by labor, for land is not produced by man; it has been created by God. The value of land does not come from the exertion of labor on land, for the value thus produced is a value of improvement. That value attaches to any piece of land means that that piece of land is more desirable than the land which other citizens may obtain, and that they are more willing to pay a premium for permission to use it. Justice therefore requires that this premium of value shall be taken for the benefit of all in order to secure to all their equal rights.

Consider the difference between the value of a building and the value of land. The value of a building, like the value of goods, or of anything properly styled wealth, is produced by individual exertion, and therefore properly belongs to the individual; but the value of land only arises with the growth and improvement of the community, and therefore properly belongs to the community. It is not because of what its owners have done, but because of the presence of the whole great population that land in New York is worth millions an acre. This value therefore is the proper fund for defraying the common expenses of the whole population; and it must be taken for public use, under penalty of generating land speculation and monopoly which will bring about artificial scarcity where the Creator has provided in abundance for all whom His providence has called into existence. It is thus a violation of justice to tax labor, or the things produced by labor, and it is also a violation of justice not to tax land values.

These are the fundamental reasons for which we urge the single tax, believing it to be the greatest and most fundamental of all reforms. We do not think it will change human nature. That, man can never do; but it will bring about conditions in which human nature can develop what is best, instead of, as now in so many cases, what is worst. It will permit such an enormous production as we can now hardly conceive. It will secure an equitable distribution. It will solve the labor problem and dispel the darkening clouds which are now gathering over the horizon of our civilization. It will make undeserved poverty an unknown thing. It will check the soul-destroying greed of gain. It will enable men to be at least as honest, as true, as considerate, and as high-minded as they would like to be. It will remove temptation to lying, false swearing, bribery, and law breaking. It will open to all, even the poorest, the comforts and refinements and opportunities of an advancing civilization. It will thus, so we reverently believe, clear the way for the coming of that kingdom of right and justice, and consequently of abundance and peace and happiness, for which the Master told His disciples to pray and work. It is not that it is a promising invention or cunning device that we look for the single tax to do all this; but it is because it involves a conforming of the most important and fundamental adjustments of society to the supreme law of justice, because it involves the basing of the most important of our laws on the principle that we should do to others as we would be done by.

The readers of this article, I may fairly presume, believe, as I believe, that there is a world for us beyond this. The limits of the space has prevented me from putting before them more than some hints for thought. Let me in conclusion present two more:

1. What would be the result in heaven itself if those who get there first instituted private property in the surface of heaven and parceled it out in absolute ownership among themselves as we parcel out the surface of the earth?

2. Since we can not conceive of a heaven in which the equal rights of God's children to their Father's bounty is denied; as we now deny them on this earth what is the duty enjoined on Christians by the daily prayer, "Thy kingdom come, Thy will be done, on earth as it is in heaven"?

STEP TOWARD SINGLE TAX.

Mr. FESS. Will the gentleman yield to a question?

Mr. GEORGE. Yes.

Mr. FESS. Would not the omission of personal property be one step toward the single tax?

Mr. GEORGE. It would. I would omit personal property and improvements if I could have my way. I did introduce a bill in the Sixty-second Congress which eliminated from taxation im-

provements on land. It did so by stages, just as the western Canadians have been doing, and just as Pittsburgh, Scranton, Houston, Pueblo, and other of our own progressive cities are doing. The Canadians have in local affairs what they are pleased to call the "single tax."

I never attempted to bring my bill of the Sixty-second Congress before the House because all my time became involved in the investigation of real estate assessment and taxation in the District, and the bill I introduced into this present Congress had to be drafted on the findings resulting from that investigation and restricted to that. No city in the world would prove to be a more favorable spot to demonstrate the justice and benefit of the single tax than Washington. Unjust taxation fills Washington in spite of its superb marble Government buildings and its majestic bowered avenues with tumble-down wooden shanties and disease-polluted alleys. Pennsylvania Avenue, with its incomparable vista of the most splendid of all buildings in the world, our great domed Capitol, and which ought to outrival in beauty the Champs-Élysées of Paris and Unter den Linden of Berlin, is, in fact, one of the shabbiest streets of all the avenues of the nations' capitals.

Our system of low land taxation encourages speculation and the holding of land out of its best use. Our taxation of improvements penalizes building. Hence, Pennsylvania Avenue, instead of blooming into the most splendid thoroughfare on the globe, is like a rotten apple, a mixture of peerless public buildings and decaying hovels.

I believe large numbers of people in the District of Columbia realize these things. In proof of this statement I offer the following resolutions adopted by the Central Labor Union of the District of Columbia and introduced by a committee of its members in testifying before the investigation of taxation matters conducted by the House District Committee in the Sixty-second Congress:

CENTRAL LABOR UNION VIEWS.

RESOLUTIONS UNANIMOUSLY ADOPTED BY THE CENTRAL LABOR UNION OF THE DISTRICT OF COLUMBIA ON MONDAY EVENING, NOVEMBER 20, 1911.

Whereas the law regulating the assessment of land and improvements provides "that hereafter all real estate in the District of Columbia subject to taxation, including improvements thereon, shall be assessed at not less than two-thirds of the true value thereof, and shall be taxed 1½ per cent of the assessed value"; and

Whereas an assessment upon such property and upon tangible personal property has recently been completed by the board of assistant assessors for the fiscal years 1912, 1913, and 1914; and

Whereas it has been publicly charged by many owners of small residences that the assessment on such properties has been unjustly increased, and that improvements have been assessed higher in proportion to value than land; and

Whereas it has repeatedly been publicly charged that all prior assessments on real estate in the District of Columbia have been inequitable and unjust, in that improvements were assessed at a very much higher rate in proportion to value than land, the latter in many instances alleged to have been assessed at less than one-fourth of true value, while improvements were assessed at from 40 to 70 per cent of true value, the larger ones assessed lower, in proportion to value, than the smaller ones; and

Whereas under the present system of taxation the enormous increase in land values, due entirely to the growth of the community, is monopolized by a comparatively small number of the people; and

Whereas an assessment of two-thirds of the true value of land in the District would produce more revenue than is now and heretofore produced by the inequitable assessments on both land and improvements; and

Whereas the effect of relieving improvements from taxation and raising the public revenues by a tax on land values would be to encourge the building of more and better homes and business houses, to take from land its speculative and monopoly value, and thereby enable many more of our people to secure homes of their own or lower rents than under the present unjust and unscientific system of taxation: Therefore

Resolved, That the Central Labor Union of the District of Columbia is opposed to the present system of taxation and against the tax on personal property, but favors a tax on land values exclusive of improvements, on franchises, on banks, and on such occupations as it may be deemed wise to tax for the public welfare.

Resolved, That it is the sense of the Central Labor Union that the law regulating the assessment of real estate in the District of Columbia should be so amended as to authorize and direct the removal of the present assessment on improvements at the rate of not less than 20 per cent each year until the tax thereon is entirely removed; and that the percentage of value deducted from improvements each year be transferred to land values.

Resolved, That the Central Labor Union favors annual rather than triennial assessments, for the reason that many of the glaring inequalities which develop under the latter system could be remedied in one instead of three years.

Resolved, That the House Committee on the District of Columbia, having been authorized to make a thorough investigation of affairs in the District of Columbia, is hereby requested to investigate the method of ascertaining improvement and land values by the board of assistant assessors; to inquire whether there has been in prior assessments or in the assessment recently completed discrimination in favor of any section over others, and to inquire into all alleged inequalities pertaining to the assessment of improvement and land values and of personal property; also to ascertain as nearly as possible the value of the land and improvements owned by the Government of the United States in the District of Columbia.

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. GEORGE. Yes.

Mr. JOHNSON of Washington. In regard to the workings of the so-called single tax in western Canada, has the gentleman any information as to its success at Vancouver, British Columbia?

Mr. GEORGE. Yes; I went there myself.

Mr. JOHNSON of Washington. Will the gentleman say that he found that principle of taxation successful?

Mr. GEORGE. As much of it as was applied; yes.

Mr. JOHNSON of Washington. Was not the city suffering from overbuilding which had been forced by that form of taxation and suffering from resultant hard times until the tariff was stricken off from American lumber?

Mr. GEORGE. Removing taxation from improvements stimulated building, which was a good thing, but Vancouver did this without materially increasing taxation on ground values. By the improvement exemption Vancouver was made a better place to build in, and therefore the price of land advanced and advanced very greatly. There was no added taxation on land values to check the speculation, so that there was a tremendous land boom. A land boom tends to discourage the use of land and Vancouver's prosperity suffered a check. To many persons, the city suffered from overbuilding. What it really suffered from was land speculation, which has been the bane of the District of Columbia, and which has and always must work evil wherever it is active.

Several months ago I addressed letters to the proper government officials of western Canada to learn about the workings of the taxation matters pursued there. I herewith offer an

answer from Victoria, the capital of the Province of British Columbia.

SINGLE TAX IN BRITISH COLUMBIA.

THE GOVERNMENT OF THE
PROVINCE OF BRITISH COLUMBIA,
SURVEYOR OF TAXES AND INSPECTOR OF REVENUE,
Victoria, October 16, 1913.

Hon. HENRY GEORGE, Jr.,
House of Representatives,
Washington, District of Columbia,
United States of America.

SIR: Your letter of 5th ultimo addressed to the Hon. Sir Richard McBride, premier of British Columbia, has been forwarded to me to answer, owing to his absence in England.

The exemption of improvements from taxation has not yet been the subject of legislation in this Province, but there was a royal commission on taxation appointed by the lieutenant governor in council in September, 1911. After taking evidence in various parts of the Province during 1911 the commissioners prepared a voluminous report, which was submitted to the legislature in January, 1912. A synopsis of the report has been printed, a copy of which I send you. The recommendations in that report have not yet been carried out. The Government, however, has publicly indicated that it intends to carry out during the next four years the following as recommended by the tax commissioner:

The abolition of improvements from taxation.

The abolition of the personal property tax.

The revision and readjustment of the income tax in line with the recommendations.

At last session of the legislature the revenue or poll tax was abolished and a few minor changes made in the taxation act with regard to bank taxes and the taxes on fisheries. The ultimate object of the Government is to derive its revenue from the natural resources of the Province, such as land, timber, mines, fisheries, coal, etc., and as far as practicable to lessen the taxation, if not altogether abolish it, which has been levied on improvements, personal property, etc. I am sending you under separate cover copies of the acts relating to provincial taxation, copies of our public accounts, etc., reports, etc., from which you will be able to understand our provincial system.

There are really two systems of taxation in the Province, namely, provincial and municipal. As a rough and ready explanation of the two systems is given in a printed pamphlet, prepared by me in 1908, I also send a copy of that. There has been no change in the systems since that date, although minor changes have taken place in the rate of taxation, but the present rates are given in the copy of the current taxation act sent herewith. I regret that the pamphlet copies of our municipal act are out of print at present, but as a new municipal act will be passed by the legislature at next session, I may state that a royal commission was appointed in 1911 to inquire generally into the needs of municipalities and to suggest changes in the existing laws. That commission presented a report last year, and I send you a copy of it, together with a draft of the proposed bill. You will see from the bill that a similar power is proposed to be given to councils to exempt improvements as is given in the present municipal act.

Now, as to the results of the change from "no exemption" of improvements to "the exemption" of improvements, as carried out in a few of the urban municipalities, as well as in some of the rural municipalities, I have no statistics or information in my department to guide me, and neither has any other department of the Government. The change has only been in force for a few years, five at most, and perhaps it has not been long enough on trial to decide as to its benefits, or otherwise. From general observation, I rather think it is still on its trial, but in the larger cities, such as Victoria, Vancouver, New Westminster, Nanaimo, Prince Rupert, etc., I consider that it has received general approval of the taxpayers. One noticeable effect has been to encourage the erection of buildings on vacant property, that, but for the exemption from taxation, may have been left as vacant lots for many years to come. If you are really in need of individual opinion, then a letter to the mayor of each of the above-named cities would no doubt bring out more information than the Government is able to give you. Practically each municipality has self-government under the municipal act, and no returns by them are required to be made to the Government, so that when I need municipal statistics for general office use I have to communicate with the officers of all the municipalities.

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Two years ago I tried to prepare a few municipal statistics which were published in a provincial yearbook.

The copies of this yearbook are now scarce, so that the Government has been obliged to make a charge of $1.25 for each copy. This yearbook will give a list of the municipalities at that time and will show which municipality adopted the exemption of improvements. If you wish a copy please address the King's Printer, Victoria, with $1.25 and he will send you a copy.

I send you also a copy of a small pamphlet with a list of our assessment districts, etc., and a map showing the boundaries of the districts.

Of course, you are no doubt aware that the exemption of improvements is but the thin end of the wedge of single tax; that is, of "Single tax" as advocated by the late Henry George. I need not repeat to you his platform, as I infer you are familiar with it. The public generally call our municipal system and our proposed system of taxation "Single tax," and I am being deluged with inquiries from all parts of the United States now for information.

I trust from what I have written and the pamphlets, etc., sent you, that you will have a general idea of our present position, and if you need any further information that I can give you I will do so cheerfully.

I have the honor to be, sir, your obedient servant.

JOHN B. MCKILLIGAN,
Surveyor of Taxes and Inspector of Revenue.

PROVINCE OF ALBERTA.

The following letter was received from the Premier of the Province of Alberta:

EDMONTON, *September 13, 1913.*

DEAR SIR: Yours in reference to single-tax matters has been received. The bills in regard to single tax in this country are not separate, but are clauses in the different municipal acts referring to rural municipalities, villages, and towns. The four cities all have special charters which contain clauses allowing them the option, which has been almost entirely exercised by them.

It has been very favorably received by a great bulk of the people unless some anomalies have arisen, particularly in the very small places, where the total valuation of the village has not been large enough to reasonably raise the necessary revenue. In Edmonton, the largest place where it has been used extensively, it is very favorably thought of, and I do not think it would be possible to revert to the old system.

As to the general effect, I should say that possibly the result is the erection of more expensive buildings than would otherwise be built. It appears to encourage the use of the land rather than the leaving of it idle, but has not, as yet at least, interfered very much with speculation in land, although I would think the tendency would be that way, and that gradually, and more particularly in well-settled country, the tendency to avoid the holding of unimproved land in large blocks.

The Hon. Charles Stewart, minister of municipal affairs, or Mr. John Perry, deputy minister of municipal affairs, would have better ideas as to the actual municipal working, and I will ask them to forward you copies of the municipal acts which contain single-tax provisions.

Yours, very truly,

ARTHUR L. SEFLIN.

HENRY GEORGE, M. C.,
House of Representatives, United States, Washington, D. C.

Mr. Chairman, this information relating to taxation methods and results in western Canada proves, if it proves anything, that the policy suggested by the majority of the District Committee in the amended George bill it reports to the House is a wrong policy for the District of Columbia. Instead of hunting up kinds of personal property to add to the tax list, the committee should look for ways to lessen the personal property now taxed. The committee should follow the example of the great city of Pittsburgh, which successfully advertises itself by means

of a little circular which its business men inclose with their business correspondence, and which reads as follows:

PITTSBURGH AND HOUSTON PLANS.

WHY YOU SHOULD MANUFACTURE IN PITTSBURGH.

The city of Pittsburgh does not tax machinery.

The city of Pittsburgh does not tax railroad switches.

The city of Pittsburgh taxes mills, factories, and homes at a lower rate than land. The tax rate on mills, factories, and homes is being reduced to one-half the tax rate on land at the rate of 10 per cent every three years.

The city of Pittsburgh does not tax raw materials, stocks of finished products, book accounts, bank accounts, or personal property.

The State of Pennsylvania exempts from taxation as much of the capital stock of manufacturing corporations as is invested in manufacturing enterprises.

Or the committee might, with benefit, take notice of a circular used by the city of Houston, Tex., for attracting population and business activities. The circular reads:

A perpetual bonus to manufacturers and merchants is offered by the city of Houston, Tex., through its system of exemptions from taxation. Personal property, such as cash, household furniture, and evidences of debt, are totally exempt from taxation. The Houston plan of taxation contemplates that merchandise, machinery of manufactories, and all other improvements upon land shall be assessed at only 25 per cent of their value, land being assessed at its fair value.

Take your money and brains to Houston, Tex., and get the full benefit of all that you create by your industry and enterprise.

For further information, address J. J. Pastoriza, finance and tax commissioner, Houston, Tex.

In addition to the foregoing circular, Commissioner Pastoriza has sent out private letters, one of which I herewith present:

HOUSTON, TEX., *February 20, 1914.*

Mr. E. R. G.

DEAR SIR: Replying to your letter of February 18 asking for further information in reference to the Houston plan of taxation, it affords me great pleasure to do so as far as I can within the limits of a letter, which I will supplement, however, with printed folders going into detail.

The city of Houston decided that it was going to become the money center of Texas. It therefore announced that it would not receive cash upon its assessment rolls for the purposes of taxation; as a result, the bank deposits have increased $7,000,000 in two years.

The city of Houston decided that it needed more buildings and better buildings, so it announced that it would require the owners of buildings to assess them at only 25 per cent of their reproductive cost; as a result in two years the building industry has increased over 50 per cent per annum.

The city decided that it was impossible to assess household furniture equitably, and it also thought that it was a good thing for people to have household furniture, plenty of it, and the finest grade, so it decided to exempt household furniture from taxation entirely.

The city of Houston was desirous of reducing the rate of interest so that those who had money and who loaned it to those who had none would not increase the rate of interest because of a tax upon credits, notes, mortgages, bonds, or stocks; and as a result the man who has no money can borrow it in Houston at a fair rate of interest.

The city decided that it was becoming too difficult for those who wanted homes to secure them, on account of the high price of land, so it announced that it would tax land at its fair value for use; as a result the owners of vacant land have been improving it and thus increasing the number of buildings in our midst. Others who have large tracts of land are getting in the mood to sell it at a fair price, all of which will tend to develop our city and accomplish naturally a more even distribution of wealth, in contradiction to the ideas of certain people who want to distribute the wealth arbitrarily and by force.

One-half dozen cities in Texas have followed our example, with slight modifications, none of them, however, going as far as we have, because of our constitutional prohibitions. We simply saw the benefit, and we proceeded to do it. After two years' experiment no one has seen fit to invoke the law and interfere with our laudable proposition. To do so

would mean to at once destroy the progress of our city, deplete our banks of much of their deposits, and enormously reduce the value of our real estate.

It is strange, exceedingly strange, to my mind, that the great mass of people have so long been blind to a method of taxation which will be truly beneficial to the country at large.

If my reply is not sufficiently full, don't hesitate to communicate with me further, and I will take the time to reply,

Yours, very truly,

J. J. PASTORIZA,
Finance and Tax Commissioner.

HOUSTON TAXPAYERS SATISFIED.

I would particularly commend to the gentleman from Iowa the following clipping from the Chicago Public of April 17, 1914:

About 75 property owners of Houston, Tex., held a meeting on April 7 to express dissatisfaction with the Houston system. Resolutions were adopted protesting against increase of assessment, objecting to continuance of the Houston plan, and urging return to old methods. On the other hand, up to April 7, 9,092 property owners had signed the assessment roll, thus expressing approval of Tax Commissioner Pastoriza's assessments, and the approval of about 200 more was expected. The objectors are nearly all large holders of vacant lots. Commenting on the protest, Mayor Ben Campbell was reported by the Houston Press as saying:

"If that bunch of tax dodgers doesn't like the Houston plan of taxation I don't give a hang. This government is being run for the people now and the plan won't be changed. If any man has a just complaint he can make it to the equalization board or the council. If it is found just it will be cheerfully rectified. We invite such complaints. Our patience will never be exhausted attending to them.

"Isn't everybody who has land faring alike? Isn't everybody who has houses faring alike? Isn't everybody who has money faring alike? There is absolutely no discrimination. The fact that everybody has been treated alike is what has caused the overwhelming majority to sign and be satisfied. And it has also caused a very few who want discrimination in their favor to be dissatisfied. Under our present system of taxation Houston has prospered like it has never done before. We have accomplished a great deal under our new form of taxation. One of the best features of the Houston plan is that it is no longer necessary for people to commit perjury when making their assessments. Men can be gentlemen now when they do their assessing. It is no longer necessary for people to send their money to New York the last of December and have it sent here January 15 in order to keep from paying taxes on their money. It is my observation that some of those who are behind this new movement, trying to stir up trouble, have done little for the upbuilding of Houston, although many of them have been in a position to do so. There are some who wish to be parasites on the community and to get rich from the industry of others. These men who have purchased in Houston at extremely low figures in the past, and who are now holding it for purely speculative purposes without improving it, do nothing for the advancement of Houston."

[See current volume, page 341.]

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