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An 18th-century British levy targeted people of means and plunged the poor into darkness.

London's Old Curiosity Shop, circa 1900. GETTY IMAGES

LIFE SCIENCE

A Lesson on Wealth Taxes From Charles Dickens

Note

Today's young socialists portray a wealth tax as a progressive innovation. It isn't. The idea is neither progressive nor even novel. A historical progenitor is the window tax of 18th- and 19th-century England, which reformers of that era abhorred because of its unintended harm to the poor.

King William III in 1696 pioneered the tax, which charged property owners based on their number of windows. The intent was to spare the poor and dun the wealthy. The thinking was that windows represented a rough proxy of a taxpayer's wealth: Bigger and more opulent houses had more windows.

The tax was similar to a graduated income tax, in that every additional window above certain specified levels incurred higher charges. The tax raised much less revenue than the government hoped, because owners responded by boarding up windows and building houses with fewer of them.

The government then raised rates to generate more revenue, which resulted in more tax avoidance. A 2015 study by University of Maryland economists found a sharp increase in homes with windows just below the tax thresholds. Coincidence?

Property owners frequently tussled with government over their liability. "Disputes, favoritism, and upset abounded," Michael Keen and Joel Slemrod explained in a 2022 essay, "Taxing the Light of Heaven." "What exactly, for instance, is a window? Questions with seemingly obvious answers can get murky when lots of (tax) money is involved."

Landlords, who faced especially hefty tax bills because they were assessed on the total number of windows in their tenements, tried to reduce their payments by covering even the smallest apertures. The result, as Messrs. Keen and Slemrod explain: "Poor ventilation spread disease; lack of light led to a deficiency of vitamin B"—the authors likely meant vitamin D—"that stunted growth—what the French came to call the 'British sickness.' " Charles Dickens railed that "the adage 'as free as air' has become obsolete by Act of Parliament. Neither air nor light have been free since the imposition of the window-tax." In an essay, "Red

Tape," Dickens lampooned the paper-pushing government bureaucrats who assessed the tax and turned a blind eye to the plight of the poor. "A most unnatural per-centage of them were, in consequence, scrofulous, and consumptive, and always sliding downward into Pauperism."

On a visit to England, French economist Jean-Baptiste -Note Say observed that a window in a room he was renting was bricked up. He used the episode to illustrate the economic concept of "excess burden"— that is, when a tax distorts behavior in a way that results in a social-welfare loss exceeding the revenue gain to the government.

While progressive in theory, the window tax was regressive in practice. Landlords passed some of the tax on to tenants in higher rents. That exacerbated the era's economic disparities. Reformist writers of the era decried it as a sunlight tax.

The English protagonist in Charlotte Bronte's novel "The Professor" gapes on a visit to Belgium about the number of windows in his room: "Light not being taxed in Belgium, the people never grudge its admission into their houses." While the tax was repealed in 1851, some historical buildings in England still include boarded-up windows, bearing witness to its damage.

By today's lights, the tax may seem myopic and silly. But is it any more so than progressive wealth-tax proposals, which would charge the affluent based on paper fortunes that can be as fleeting as the London sun? Bureaucrats will define wealth as they see fit. Lobbying and political favoritism are certain.

Like the window tax, a wealth tax would encourage tax avoidance and produce an array of excess burdens. A November ballot initiative in California would charge residents with more than $1 billion in net worth a 5% tax on their fortunes as of Dec. 31, 2026. Many billionaires have already moved out of the state to duck the tax. Others will surely devise schemes to avoid it—for instance, the initiative exempts real estate. Look for billionaires to sell shares in companies and expand their palace empires. The result of the tax avoidance will be less government revenue, fewer jobs and stunted innovation— excess burdens. Expect state taxes for everyone to increase to compensate for the loss of billionaires.

One might also observe parallels between the window tax and other progressive policies like rent control, which causes landlords to skimp on maintenance, resulting in squalid living conditions.

Or consider a New York City property tax break that requires developers who build 100 or more units in a building to pay sky-high wages—$42.03 an hour and as high as $76.12 an hour on larger projects in some areas. The result: A profusion of buildings with exactly 99 units, which are a less efficient use of scarce land than taller buildings with more apartments.

Another example: Mayor Zohran Mamdani's pied-à-terre tax, which will reduce the values of high-end condos that developers use to subsidize apartments for the hoi polloi. The likely result: Fewer affordable apartments. At least Mr. Mamdani hasn't tried to tax the windows—yet.

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