

Chapter 37

The Effect on Individuals and Classes

WE WOULD CONFISCATE RENT by placing taxes only on land. On first hearing this, landholders are likely to be alarmed; small farmers and homeowners will be told this would rob them of their hard-earned property. But a moment's reflection will show something different.

Everyone whose interest as worker and/or capitalist exceeds their interest as landowner will gain. Even large landholders ultimately will benefit, for production will increase much more than the loss to private land ownership. The whole community will share in these gains and in a healthier social condition.

It is obvious that those who live by wages, of head or hand, will benefit greatly: laborers, clerks, mechanics, and professionals. So will those who live partly by wages and partly by earnings of capital: merchants, manufacturers, and traders; from the peddler to the steamship owner. Furthermore, we may include all those whose income comes from investments other than land.

Consider a merchant or professional with a house and lot. She will not be harmed by our change, but will gain. The selling price of the lot will diminish*—but its

*The rent of land is capitalized into a selling price. As the community approaches collecting 100% of the rent, the selling price of land will approach zero.

usefulness will not. It will serve her purposes as well as ever. The value of other lots diminish in the same ratio, so she retains the same security of having a lot as she had before. If she needs a larger lot, or if her children need lots, she will reap the advantage. She is no more a loser than if she bought a pair of boots that later sell for less. The boots are just as useful, and the next pair will be cheaper.

Furthermore, though taxes on land will be higher, she will be free from taxes on the house and improvements, on furniture and personal property, and on all she and her family eat, drink, and wear. Meanwhile her earnings will increase greatly because of higher wages, constant employment, and greater trade. Her only loss would be if she wants to sell her lot without getting another. This is a small loss compared with a great gain.

The same is true of the farmer. I am not speaking of "farmers" who never touch a plow; I mean working farmers. Of everyone above mere laborers, they have the most to gain from placing all taxes on land values. This may seem contradictory until we fully understand the proposition.

Farmers generally sense they don't get as good a living as their hard work ought to earn them. However, they may not be able to trace the cause. The fact is, taxation, as now levied, falls on them with exceptional severity. All their improvements are taxed: houses, barns, fences, crops, and stock. Their personal property cannot be concealed or undervalued as easily as the more valuable kinds concentrated in cities. Not only are they taxed on personal property and improvements, which the owners of unused land escape; even worse, their land is generally taxed at a higher rate than land held on

speculation—simply because it *is* improved.

A single tax on land values would fall hardest not on agricultural districts, where land is comparatively cheap, but on towns and cities, where prices are high. Taxes, being levied on the value of bare land, would fall as heavily on unimproved as improved land. Acre for acre, the improved and cultivated farm—with its buildings, fences, orchards, crops, and stock—would be taxed no more than unused land of equal quality. Thus, speculation would be reduced.

Destroying speculative land values would tend to diffuse population where it is too dense, and concentrate it where it is too sparse. City tenements would give way to homes with gardens. People in the country would share more of the economies and social life of the city.

Working farmers are not just landowners—they are laborers and capitalists, as well. They earn their living by their labor and their capital. To varying degrees, this is true of all landholders. While some may not be laborers, it would be hard to find one who is not a capitalist. Indeed, the general rule is: the larger the landowner, the greater the capitalist. This is so true that the two are often confused in common thought. Putting all taxes on land would largely reduce all great fortunes, but it would hardly leave the rich penniless.

Not only would wealth increase enormously—it would be equally distributed. This does not mean each individual would get the same amount. That would not be equal distribution, since different individuals have different powers and different desires. Rather, wealth would be distributed in accordance to how much each contributed. This would vary with the industry, skill, knowledge, or

prudence of each individual.

Wealth would no longer concentrate in those who do not produce, taken from those who do. The idle rich would no longer lounge in luxury, while those who actually produce settle for the barest necessities. Any inequalities that continued to exist would be of natural causes. They would not be artificial inequalities, produced by denial of natural law. The great cause of inequality—monopoly of land—would be gone.