

CHAPTER V.

THE OLD SYSTEM AND THE NEW

IN framing a scheme of taxation the first question to be considered should be, "What things ought to be taxed?" and the next, "What things ought not to be taxed?"

The founders of the Old System, seeking only the readiest means of raising revenue, and caring little, so long as it was successful, how their method might affect the national welfare, gave but little thought to any questions of this kind. Acting upon the principle of "the greatest good to the greatest number," they accordingly invented a system which produces nothing but calamity. Its tendency is now, as it has ever been, to destroy good and encourage evil. Without any recognised effort on our part to cultivate it—even in spite of all our efforts to eradicate it—evil seems to spring up spontaneously on all sides. On the other hand nothing good will thrive without the most assiduous care and attention. Even the laws we design to secure some good seem to possess an innate diabolic power of frustrating our efforts to do good, and turning them into unintentional and unexpected evils, until it becomes a question whether it is more difficult to produce good or prevent evil effects from our laws. Their perversity, their apparent aversion to

good and inclination to evil, results from the neglect of our law-makers to consider "What things ought, or ought not, to be taxed, and the effects of taxes on the things taxed," whereby we have been led into the grievous error of taxing what we ought not, and allowing the things that ought to be taxed to go free. Every tax is, in its nature, a burden, and cannot but act accordingly and produce effects in agreement with its nature. To heap burdens on the good things we require is, therefore, a mistaken policy, whose only result can be to lessen the quantity of those good things, and to lessen also the consumption of them. A decrease in production means less employment of Labour and Capital, less wages, more poverty, strikes, and miseries that cannot be described. And since good things are produced by the exercise of good qualities, such as industry, energy, enterprise, intelligence, and so forth, a tax upon their product is a discouragement of those good qualities. To allow all the bad qualities of man's nature to escape taxation is, therefore, to encourage those bad qualities. It follows, then, that by discouraging good and encouraging evil, and by basing our laws upon an injurious principle which denies the right of every individual to equal consideration from them, those laws must work in opposition to any good we wish to secure, and not only prevent us attaining that good, but substitute for it some unforeseen, but none the less absolute, evil.

Hence it is manifest that if we wish to overcome this perverse tendency in our laws, we must go down to their foundation, discard the evil principle we have built upon, and adopt instead the principles and precepts of Christianity.

If we refuse to do this, and continue to make Law independent of and opposed to Religion, it must follow that both Law and Religion will be more and more despised—the first for its injustice, its cruelty, its stupidity, and its immorality—the second, because it is disregarded by the law which rules our daily lives, and with which we are brought, of necessity, into the most intimate association, and which, moreover, empowers men to act towards each other in opposition to right and justice, and in defiance of all the precepts of religion. While thus opposed to Religion, Law cannot possibly achieve any good, but must continue to work evil to humanity so long as it is allowed to maintain its hostility to the fountain of all good.

When asked "Which is the greatest commandment?" our Saviour replied, "Thou shalt love the Lord thy God with all thy heart, with all thy soul, with all thy mind, and with all thy strength. This is the first and great commandment, and the second is like unto it, Thou shalt love thy neighbour as thyself." Both of these Divine laws we have cast out of our system; and only by going back to them can we hope to combat successfully against the evil consequences of our sin and folly.

But how is it to be done? Can we by any course of legislative action reverse the destruction of good and the production of evil, the necessary results of our present system?

We can. It has already been shown that laws imposing taxes upon good things must necessarily discourage good and encourage evil. Whence it follows as a necessary corollary that laws imposing taxes upon evil must discourage evil and encourage good.

But since it is impossible to build up a good system on a bad foundation, we must first substitute the Divine precept for the heathen maxim, and set up "the good of all" as the end we aim at, so making *our* law acknowledge and enforce the Divine Law.

Guided by this new principle, we next proceed to enact that no good thing, but evil only, shall be taxed. And since we have cultivated selfishness as a national characteristic, in direct opposition to the law which bids us love our neighbour as ourselves, we must put a tax on selfishness first of all; and since taxes upon good things fall upon the good qualities that produce them, we must, therefore, impose taxes upon the evil qualities that produce evil and prevent the attainment of any good. Along with selfishness, then, we will tax sloth, stupidity, ignorance, cruelty, intemperance, and all the vicious qualities that now flourish so abundantly.

"But what method of taxation can be devised that will fall only upon those evil qualities?"

As already shown, under our present system, taxes imposed directly upon goods fall indirectly and ultimately upon the good qualities which produce them, we must tax our evil qualities indirectly also. For if a tax were imposed directly upon them no man would acknowledge the possession of them, and a loss of revenue would result.

But we can impose a tax that will unerringly and inevitably find them out and punish them wherever they exist, that will at the same time stimulate and encourage every good quality, and will, moreover, prove a remunerative source of revenue in direct proportion to the encouragement it gives to good and the punishment it inflicts upon evil.

"If taxes under our present system have in their nature a tendency to destroy good and to foster evil, what tax under the new system can have, in its nature, the contrary tendency to punish evil and cherish good?"

"A tax upon the annual value of the land."

"But why make the land pay everything? Surely that is most unjust."

Under the present system the land pays for everything. But only *some* of the land—the rest pays nothing. Land that is used for carrying on any productive enterprise, and so adds to the wealth of the community, pays an enormous tax, and a tax that increases in proportion to the benefit derived by the community. The more wheat the farmer grows, the

more wool the grazier produces, the more coal the miner raises from the bowels of the earth, the more goods the manufacturer makes, the greater the tax he must pay. In each case, the product being drawn from the land, it is obvious that the tax must be drawn from the land also; but land that is not used at all, or used for the sole benefit of the owner, pays no tax at all; and the community derives no benefit whatever from it. It is, in fact, capable of demonstration, if proof of so palpable a truth should be demanded, that producers pay taxes for non-producers; or, in other words, productive land pays taxes for non-productive land; or, still more forcibly, land so used that the whole community is benefited thereby is made to pay taxes that should be paid by land that is used for the sole benefit of the owner. For example, A, who lives abroad, owns land in Sydney or in the country, worth many thousands a year, but pays to the public revenue not one farthing; while B, who owns and cultivates a 50 acre farm worth £50 a year far away in the bush, must pay to the revenue £150 a year.

As before explained, the necessary result of this unjust distribution of taxation is to discourage enterprise that is beneficial to the whole community, and to encourage speculation that is advantageous to individuals only. Yet directly it is proposed to tax the land, the cry is raised, "but that will put a stop to speculation in land!" as if speculation in land benefited anybody but the speculator. But it will not

prevent *investment* in land to be used for productive purposes which will benefit the whole community *as well as the investor*. But our present system discourages productive investment and holds out every inducement for speculation, with a want of discrimination and discernment that results from a perverted, or rather inverted, apprehension of the respective value of each to the community.

Since the land pays taxes for everybody under the present system, there cannot possibly be any valid reason why it should not pay under the New System. In fact if a tax is levied at all, the land *must* pay it, simply because the means of doing so cannot be derived from any other source.

“But if the land is still to pay taxes as before, where is the difference between the Old System and the New?”

The land will still pay taxes *but not as before*.

It is a customary plan to hamper horses with a heavy clog attached, by means of a rope, to a headstall. This clog, dragging along the ground, prevents the animals from moving either far or fast.

Imagine now a number of unarmed men riding horses so hampered, hunted by a pack of fierce insatiable wolves called Want, Poverty, Hunger, Starvation, Misery, Ignorance, Vice, Crime, Cruelty, and so on.

That is the picture of the Old System.

Imagine now the same weights, in the shape of saddles, transferred to the horses' backs with the

additional burden of men armed with the sword of Justice and the spear of Truth. How quickly the tables are turned ! The hunted now become hunters and no longer seek to escape, but turn and slay their fierce enemies.

That is a picture of the New System.

It only remains to adjust the tax under Laws based upon Truth, and built up in Justice, so that *all* land shall contribute fairly and equitably to the public revenue.

This difference in the adjustment of the tax will make as great a difference in our relation to the evils of life as the transfer of weights in the pictures we have imagined.

“ But how is the change to be effected ? ”

Most easily and equitably, without violence, revolution, or disturbance of any kind ; by simply abolishing the present system of taxation and levying a rate of so much per cent. on the annual value of all land, in the same *way* as municipal rates are now levied, but on a different *principle*. That difference of principle lies in this particular feature, that the Law will take no cognisance of any improvements whatever, but will estimate the amount of the tax from the site value of the land alone ; and to simplify matters and render evasion of the tax impossible, the Law will know no man but the owner in connection with any land, and will look to him only for payment of the tax, for which the land itself will be security.

Lawyers who regard their own private advantage more than the public good will, of course, oppose this reform to the last, because disputes about the ownership of land will thus become almost impossible.

In its incidence a tax on the annual value of land (the "Single Tax" as it is called by the followers of Henry George—a name which may as well be adopted here for the sake of its convenience and expressiveness) becomes a factor of immense benefit to the whole community. Though levied directly upon the landowner, it does not fall upon him in the same injurious manner as the present taxes do. It is imposed in the most convenient manner so as to be least burdensome and incommodious, and so that it does not harass and annoy him at every step. And since the whole population must eat and be clothed, and live in houses, and the land alone can provide these things for their use, they must all assist the landowner who supplies them, in proportion to their use of them. That all others must help the landowner to pay his tax is evident from the fact that he can obtain the means of paying it only by supplying them with the product of his land, or by allowing them to use or occupy his land as tenants paying rent. It is thus so widely distributed that the tax ceases to be oppressive to all, except the selfish, idle, extravagant, and vicious, upon whom it presses more and more heavily the more they are vicious, slothful, and self-indulgent, whilst it becomes easier to the industrious

in proportion to the good qualities they exercise. Hence it is clear that its influence is altogether beneficent, showing a tendency to promote and reward the exercise of good qualities and to punish evil. It gives the landowner every encouragement to make his land productive to its utmost capacity, and is an ever-present stimulus to keep him constantly awake to the advantage of increasing and improving his product.

And since he can produce nothing without Labour, it follows there must be a continual opening up of new avenues for the employment of Labour and Capital in new productive enterprises, such as will most materially increase the wealth of the whole community, as well as of every individual member of the community.

“ But if the land pays all taxes now, why do not these beneficial results accompany the working of the present system ?”

Because 1, The tax is not fairly adjusted; 2, the producer is plundered of all his profits by the enormously heavy charges for freight and passage by railway, and by Custom House and other taxes; and 3, production is killed and labour debarred from finding employment.

“ But if the people will all help to pay under the New System, do they not help at present ?”

No. The great majority of producers live in the country, and must pay freight on their produce *before*

it will be carried by rail to the towns, where their market is, and wherein most consumers inhabit. The freight paid by them is not added to the price of the produce, and is therefore a dead loss to the producer.

Wherefore it is necessary, if we would effect a really gigantic improvement, and give full scope for the working of the Single Tax, that all those unjust and destructive charges and taxes should be abolished, and our seaports and railways forthwith declared free. We thus get rid of those hideous quagmires which swallow up the profits of our industries, and we afford to all our people untaxed goods and free access to market. These are the greatest of all possible stimulants to individual and to national advancement.

In order to convince any who may yet have a lingering doubt as to the advantages to be gained, it may be well to point out that—

Free railways will make goods equally valuable over the whole country, and will open to every part of it every market that can be reached by rail.

Free railways will multiply the value of land by giving free access to it, and free and ready access to all markets.

Free railways will cause a rapid increase of our population, because no other country in the world can offer such advantages.

Free railways will abolish the heaviest of all the taxes upon productive industry, and, thus leaving a

wider margin of profit to employers, will remove the necessity that compels them to reduce wages, and will also enable them to pay higher wages.

Free railways will relieve the congestion of population in cities and towns, spread the people over the country wherever there is work to be done, or land that can be used to advantage.

Free railways and the Single Tax will remove all the circumstances that now make strikes compulsory and inevitable, leaving no possible reason or excuse for them—(We will therefore hear no more about "Labour Troubles,")—will provide abundant employment for all the Labour and all the Capital in the country, and as much more as we can get; will prevent poverty and distress arising from lack of employment; will prevent the waste of much valuable produce that cannot now be carried to market on account of the heavy charges for freight; will prevent much of the loss of stock from drought, by enabling us to carry fodder to starving stock. So long as the neighbouring colonies maintain the old system, Free Railways will enable us practically to annex immense contiguous areas from them, and so reap the benefit of their produce in addition to our own.

Free Railways will enable us all to become acquainted with the whole of our country, so that we will be able to see for ourselves the special advantages of various localities, and so establish our industries in places naturally most advantageous for them.

Free Railways will enable the sick poor to have the benefit of change of air, so often vainly prescribed for them.

The New System promises advantages so multitudinous and so magnificent that it is utterly beyond the power of any human intelligence to enumerate or trace them. Suffice it to say, that the tendency of the Old System to substitute evil for good will be completely reversed, and we may fairly expect to reap all the blessings that can result from a return to a wise, just, beneficent and Christian system of legislation.
