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## INCIDENCE OF THE SINGLE TAX.

By Henry George.

An objection to the single tax, familiar to all who have followed the discussion, is that the owners of land would commensurately increase the price of land and of its products. This objection, where it is honest, comes from a careless assumption. From the fact that most of the taxes levied under the present system add to the cost of production and increase prices, and are thus shifted by first payers to the shoulders of ultimate consumers, it is assumed without inquiry as to the reason of this that it is true of all taxes. The earlier files of THE STANDARD show a constant recurrence of this objection. But thanks to the thorough explanations that have from time to time been made, and to the diffusion of economic knowledge which our agitation has produced, it is now seldom met with where there has been any single tax discussion.

But in another form the same old fallacy occasionally crops out, even among single tax men. For instance, I have a letter from a gentleman in Ohio, who begins by saying, "I am a believer in and a teacher of your doctrines." And then he goes on to express surprise that in my letter to the Pope I should say anything to imply that taxes on land values would not be shifted through the medium of prices upon all consumers of goods, with which admission he thinks "our position would be stronger and nearer the truth."

A still more striking instance of the same confusion is given by the Detroit Evening News, a journal that has been active in propagating the single tax idea. In an editorial article entitled "The Question of Taxation," in its issue of November 13, in which it urges the adoption of the single tax, occurs the following:

If all taxes were placed on land only, every pound of pork, every bushel of wheat, every horse and cow, every form of personal property would be taxed. The user of the land would simply add the tax to all these things, and every person who used them would pay his just proportion.

Whereupon a correspondent writes to the News asking "whether this construction of the News is in harmony with the single tax as outlined by Henry George."

Printing this inquiry, the News replies:

Perfectly; otherwise the single tax scheme would be of little value indeed less than of no value at all. Unless the tiller of the soil, if compelled to pay directly the whole cost of government, could add the taxes to the prices of the things he produces, he could not till the soil with any

profit to himself, and agriculture, upon which the human race depends for existence, would be ruined.

Here is an instance of the single tax being advocated on a ground that is not merely untenable in itself, but that utterly denies a fundamental principle of the single tax theory. Since all I have ever written on the subject of taxation is based on the proposition that a tax on land values cannot fall on production and increase prices, and since there is no error that I have been at so much pains to correct as that the tax we propose would fall on land users and through them on consumers, it is hardly necessary for me to deny that my views are correctly represented by the News. But it may be worth while to point out the error into which at least more than one of the professed advocates of the single tax have fallen. Nothing is to be gained by having the single tax advocated for wrong reasons. Men brought over by erroneous arguments can never be relied on in a cause that must rest on truth. The unsound supporter is, in fact, more dangerous than an opponent.

Unless he sees that taxes on land values or economic rent, which is what we mean by the single tax, must be borne by the owners of the valuable land from which it is collected, and that it cannot fall on users of land as users, and cannot add to the cost of production or increase prices, no one can possibly appreciate either the moral side of our argument or the full weight of its fiscal side. To him the declaration on which I dwell in my recent letter to the Pope that what we propose "we propose, not as a cunning device of human ingenuity but as a conforming of human regulations to the will of God," and that the single tax "is the way intended by God for raising public revenues," is wild assumption, and the reform to which we look for the emancipation of labor becomes nothing more than a more economical way of collecting taxes on labor. That this is so is shown by the editor of the News, who, in answering his correspondent, goes on to say:

It [the single tax] is defensible merely as the most economical and equitable means of spreading among all the people the expenses of government. It would doubtless remedy many evils of our present extravagant system, but it would not bring on the millennium. Men would still be men, and like all other animals they would find that nature is a hard mistress, and that life can only be maintained on this earth by a strenuous struggle. Under any system that can be devised life will be a battle, and many will go down that others may live.

The assumption that the single tax would be a tax on use and add to prices necessarily leads to this small view of its results. It is only when the essential difference between a tax on land values and a tax on labor products is seen, that it can be seen that nature instead of being a hard mistress to some is indeed a bounteous mother to all, and that so far from there being any natural necessity for that bitter struggle for life in which some men must tread others under foot, there is in reality enough and more than enough for all if we would but act justly towards each other.

The correspondent who writes to the News assumes that in speak-

ing of taxes on land the editor means what we advocate as the single tax; and the editor himself assumes this, not only in his declaration of the perfect harmony between us, but in the article from which his correspondent quotes, for in this he uses arguments which have validity only as applied to taxes on land values, and indeed at times uses the phrase, "tax on the value of land." But in the paragraph quoted, and through the article generally, he speaks of a *tax on land*. In this lies the cause of his confusion, or at least here is the reason why it is unperceived by him. For had he written "land values" instead of "land" in the sentence first quoted, it would have stood as follows:

If all taxes were placed on land values only, every pound of pork, every bushel of wheat, every horse and cow, every form of personal property would be taxed.

This, in its very statement, would be clearly fallacious. For it is evident that a tax on land values would not fall on all the land on which such things are raised, there being clearly some pork, some wheat, some horses and cows, and some things of the nature of personal property which are raised on land that would be unaffected by the tax on land values.

But this is not obvious where the term used is "taxes on land." For the term land, without qualification, means all land, and it is perfectly true that taxes falling on all land would increase the cost of all the products of land. And so the form of the proposition, as the News states it, leads to, or at least hides, the erroneous conclusion.

Here is an instance of the danger in political economy of a loose use of terms. This is beyond all others the most prolific source of economic confusions and fallacies. The one thing that whoever wishes to think clearly on economic subjects must bear in mind is the necessity of attaching a precise significance to the terms he is called on to use. For words are not merely the signs by which we communicate our thoughts to others; they are the symbols in which we ourselves think. And in a continued train of reasoning we are even more apt to delude ourselves by an inexact and shifting use of terms than we are to delude others.

The editor of the News in speaking of taxes on land evidently means taxes on land values. He uses the two terms as interchangeable, and usage sanctions the practice. The only tax on land to which we are accustomed in the United States is an ad valorem tax; and this is commonly spoken of as a tax on land, instead of on land values, just as we are accustomed to speak of ad valorem taxes on houses or goods, or other forms of personal property as taxes on such things, instead of taxes on house values, or goods values, or personal property values.

But when we come to think of the effects of taxation, there is a danger lurking in the practice of speaking of taxes on land values as taxes on land. A tax on any species of things means a tax on all such things. There is no danger in speaking of a tax on the

value of pork, or wheat, or houses, or goods, as a tax on such things. Since such things must be produced by labor, and value attaches to them from the first, a tax levied on their value is a tax on all such things as truly as would be a specific tax. But land has no original value. Land is not produced by labor, but is the natural prerequisite and field of labor. Nor does value attach to it from the quality of usefulness or from the fact of use. All land is not valuable, nor is all used land valuable. Land only becomes valuable when (for reasons ultimately resolvable into the general growth and improvement) it acquires a superiority over other land open for use. Hence, an ad valorem tax on land differs from ad valorem taxes on things produced by labor, in not being a tax on all land or on all land in use. This essential difference is likely to be overlooked when it is spoken of as a tax on land, and by an unnoticed juggle of words the conclusion is reached that it would fall on the user and increase prices. It is into this verbal pitfall that the editor of the News seems to have fallen.

It is hardly necessary to go over the various confusions of thought which lead to the notion that taxes on land values would fall on the user of land and add to prices. The subject has been treated over and over again in the columns of THE STANDARD, and an elaborate article by me, written in 1887, was afterwards published in a tract entitled, "Taxing Land Values." There is no dispute about it among economists worthy of the name, nor is there any doubt of it among landowners. They know very well, if only by rule of thumb, that a tax on the value of land would fall upon them, and could not be shifted to any one else, and this is the reason why their influence as a class has been exerted in the past to substitute taxation on the products of labor for taxation on the value of land, and is now exerted to oppose the single tax, which would be the reversal of that process.

And the fundamental reason why taxes on land values cannot fall on users or add to prices will always be clear to any one who will remember that taxes on land values or economic rent are not taxes on land. They are taxes, not on land or on the use of land, but on the possession of a special privilege, the holding of specially valuable land, the possession of which gives to the owner, not to the user, the power of appropriating a surplus over and above the ordinary earnings of capital and rewards of labor. While this may at times be taken by a person who is at once both an owner and a user of land, it always goes to him as owner and never as user, and can be separated by selling or renting the land. What a tax on land values takes is, in short, what the user of land must pay to the owner of land in rent or purchase price for the privilege of using valuable land. It can thus never fall on the user of land, never increase the cost of production, and never add to prices.

It is this that gives to the single tax its economic and moral perfection. We do not claim that it would tax men equally, either in the sense that it would call on men for equal sums, or for equal proportions of their earnings or their expenditures. We claim for it something infinitely higher—that it would tax men justly. It would not call on them to pay in accordance with their production, nor in accordance with their consumption, nor in accordance with their savings or their possessions; it would not call on them to pay for the use of land, the bounty of the Creator, nor yet for those advantages of the growth of society and the development of civilization that are equally open to all. But it would call on them to pay for valuable special privileges which the growth and improvement of society attach to the particular lands of which they are accorded possession to the exclusion of others.

HENRY GEORGE.