

CHAPTER XXIII.

THE MORAL STATUS OF THE SINGLE TAX.

Most of the criticisms passed upon the remarks of Alfred S. Niles and Lawson Purdy at the dinner of the commercial organizations of Detroit, given at the Cadillac, served mainly to show the ignorance of the critics. It is unnecessary to say that an after-dinner speech on such an important topic as taxation does not give a speaker time to formulate a system of political economy that will take in every phase of the subject. Of necessity some things must be left to the common sense of the listener. But it is a fact—and Michael Brennan emphasized it in his few remarks that evening—that the average merchant and manufacturer is a very ignorant person, when it comes to the science of taxation. And the critic who attempts a criticism on what a reporter thinks a speaker is saying on a subject which neither reporter nor critic has ever studied, is not liable to hit the mark.

The fact is that Mr. Purdy made the only criticism on Mr. Niles' speech that is necessary. He said truthfully that the idea of exempting from taxation machinery only, is too narrow to have a very great following outside of the manufacturing classes themselves. But what Mr. Niles said as to the impetus given manufacturing by exempting it from taxation is beyond denial. The figures speak for themselves. It emphasizes the fact, too, that the margin on which manufacturers work is very small, and that it takes a very large business to enable an employer to retire before he reaches three score years with a modest competence. Yet if he has a patent, which gives him a monopoly of some line of trade, it is very different. But that is another story.

Mr. Purdy was bolder and more thorough than Mr. Niles. He advocated the exemption from taxation of pretty much all kinds of property except real estate. He would go to farm and factory and exempt the farmer's live stock, as well as the manufacturer's machinery; to the counting house and exempt the banker's money; to the warehouse and store and exempt the wholesaler's and retailer's stock of merchandise. All these interests he would unite against the owner of land, and this latter personage would be made to bear the burden of governmental expenses.

It is very natural for the land owner to come forward and inquire why he should be singled out for any such "vicious" attack. Why should "his" property be expected to pay everything? Didn't he come by it as honestly as the others did theirs? Isn't his as necessary for the prosperity of the people? What would the public do without land? "Confiscation!" "Robbery!" he cries, and to the unthinking it looks very much like it.

The putting of only such taxes on the land as would support a government economically managed, is called the single tax limited. It would leave to the landlord a certain percentage of what Samuel J. Tilden first called the "unearned increment." To take all of this unearned increment and expend it for the benefit of all the people is called the single tax unlimited. Single taxers are divided into these two schools. They do not differ on principles, but, like Thos. G. Shearman, the single taxers limited think it will work for the best interests of all to leave some of the unearned increment in the hands of the land holding class.

Let us consider the moral question involved. If it is immoral, and is doing an injustice to tax one class of property only, letting all other kinds escape, the single tax should never be allowed to gain a foothold, even if some good might follow its adoption. The moral question is worth considering—is the most essential part of the problem, in fact. To do an immoral

thing is to outrage justice, and will surely bring in its train greater evils than it abolishes.

Land is not the product of labor. Land value is not the product of the individual laborer. Ownership does not create land value. The land has been here always, in some form, and the land value that has come is due to causes entirely outside the ownership. The owners of the site of the Majestic building, for example—a site which brought \$660,000 for about a third of an acre—created no more of the land value attaching to it than the average citizen. Yet because of warranty deeds handed down for several generations, none of whom contributed to the value more than those who had no legal claim, they are enabled to take tribute from the citizens of Detroit each year in the sum of \$20,000 to \$30,000. It is this value created by the community as a whole, from which taxes should be drawn. It leaves the products of labor free from all exactions, so long as this land value is sufficient to pay the expenses of a government economically administered. And when the sum demanded exceeds this land value, it is pretty good evidence that the municipality is dipping into expenses it had better leave alone.

In the discussion of this question this matter of the creation of land values by the community, and not by the individual owner of any particular piece, must be kept continually in mind. To lose sight of it is to lose sight of the great difference between this and other kinds of "property." All other evidences of wealth are the product of human industry. It has taken human exertion to produce it. Machinery, merchandise, goods, houses, live stock—all of these owe their existence to the skill, intelligence and industry of human beings. They are here because someone, somewhere, by manual or by mental exertion—which latter is as physical as the act of the blacksmith—expended strength and vitality to produce it. And when these various artisans came together they produced, in addi-

tion to this wealth, another value sufficient to provide them those essentials that go with civilization. To take their labor products and leave this other value in the hands of a class that had no more to do in producing it than themselves, is to allow of a robbery that accounts for poverty in the midst of progress. It is an immoral act.

As a fiscal reform the single tax is impregnable. As a reform founded on justice and good morals it is equally unassailable. It leaves to the creator of wealth all of his possessions, it takes from the owner of values created by the community, only that part that belongs to society as a whole. It is true that people have worked hard, sold their products and put money in land. Those who have done this because they wanted the land for use, still have control of the land, and the single tax will not take it from them. Those who have bought vacant property for the purpose of speculation, expecting that coming generations will pay them toll for the privilege of using it, are outside the pale of consideration, for they do not want to give value received. They are after something for nothing.

Local option in taxation will enable a community to experiment in the line of relieving wealth the creation of labor from taxation. When tried it will probably be found that the owners of land in use are benefited as well as the owners of wealth, which is the product of human exertion. It will be such a stimulant to industry that much vacant land will immediately come into the market. The class holding land for speculation only, without any particular interest in having it improved and occupied, but desiring to keep it until increased population compels the payment of a big bonus for its possession, will certainly not be benefited by any scheme of taxation that places taxes where they belong.