

A Tax That Is Not a Burden

The Single Land Value Tax

An Address Rewritten

By **JOHN HARRINGTON**

Madison, Wisconsin

1921

Price 15 Cents

"Political Economy has been called the dismal science and as currently taught, is hopeless and despairing. But this, as we have seen, is solely because she has been degraded and shackled; her truths dislocated; her harmonies ignored; the word she would utter gagged in her mouth, and her protest against wrong turned into an indorsement of injustice. Freed, as I have tried to free her—in her own proper symmetry, Political Economy is radiant with hope."—Henry George in *Progress and Poverty*.

"People do not argue with the teaching of George; they simply do not know it. And it is impossible to do otherwise with his teaching, for he who becomes acquainted with it cannot but agree."—Leo Tolstoy in *A Great Iniquity*.

A Tax That Is Not a Burden

The Single Land Value Tax

A good many years ago at the time of beginning a law practice, and when clients were not very numerous, I read *Progress and Poverty* as a rest and diversion from the dryer texts of the law. It is a great book, probably the greatest written by an American in the field of economics and sociology and the fundamentals of men's relations to each other and to society; and from a purely literary aspect it is delightful.

While *Progress and Poverty* is the great exposition on the so-called "Single Tax," it did more to clarify and coordinate my views upon and knowledge of citizenship, social relations, questions of labor and capital, socialism, and government, than all the other books I read before or since. I think this effect can come only from reading it slowly, consecutively and studiously, as a student must read a law book. Mere "skimming," and "reading in spots," seem to result only in confusion and disappointment. This sort of examination of the book may account for a certain sort of dislike and antagonism often expressed by intelligent and well-read men who say they have read it.

The book is full of surprises. As an illustration, I recall with what surprise I read at the beginning of Chap. III, Book I, that wages are not drawn from saved and accumulated capital, nor paid by capital. "Surely this cannot be so," I said. I had gathered from my previous study of

political economy and general reading that of course labor was paid by and from capital, and that the accumulation of capital was the result of "saving," in the current sense. And I recall then the gratified feeling that ensued upon reading the chapter, and finding, as it seemed clearly to me, a complete demonstration of the soundness of the statement; and besides, a flood of light upon the relations of capital and labor.

But my reading of *Progress and Poverty* and my subsequent studies over many years have convinced me that the single tax proposition is absolutely sound, and ought to be stated in a brief, simple, and popular form that might be read in an hour or two by "the man on the street," who is not a student of economic subjects, and who has not time, and perhaps no inclination to read a closely reasoned book of five hundred pages. That such a booklet should be prepared is made clearer by observing the constant stream of mis-statements concerning the single tax and what it is, that may be found running through the current newspapers and magazines, often from sources considered authoritative, and more often from want of actual knowledge, for as Tolstoy says:

"People do not argue with the teaching of George; they simply do not know it. And it is impossible to do otherwise with his teaching; for he who becomes acquainted with it cannot but agree."

But in spite of criticism and hostility the teaching of Henry George is re-making the world today; and that chiefly through those who do not even know that it is from him their ideas are derived.

There are many such booklets already, some better than others. Every one with experience knows that no two persons attempting to state or make clear the same proposition, will do so in the same language; and that what will be clear to one reader will leave confusion and uncertainty

in the mind of another. It is not expected that this effort will be better than others; but it will be different, and hence it may appeal to some readers where other writers would not. Besides it is intended more especially for farmers and workmen, especially the former, who, because he is a land owner, is easily led to believe that he is especially attacked by the single taxers.

It seems best to present the argument in the fewest possible propositions, and to establish these to the satisfaction, not of the quibbler, the dissenter, the natural objector and the paid opponent, but of "the man on the street" who merely wants to know.

1. *The value of land is created by the public, not by the owner.*

This is our first proposition, and should be demonstrated readily and simply. By value we mean selling value or market value,—what the economists call value in exchange, as distinguished from value in use. Water, air, sunshine have use value, but usually no exchange value, but the products of labor, food, clothing, houses, machines, have both use value and exchange value. Some fine quibbling can be done through the use of the word "value" because of the double meaning; and some quibbling has been done by men whose mental integrity should be of a higher order.

It will be readily understood that land where we now live had no value so far as we know when Columbus discovered America. Land had no value in central Wisconsin, and probably little value anywhere in the state at the time of the Revolutionary War. Land value arises only when and as population arises. Land now worth thousands of dollars an acre was originally purchased from the government for \$1.25 or \$2.50 per acre. In the northern part of the state land can still be purchased for a few dollars an acre; while in the heart of Milwaukee is land that cannot be had for a million dollars an acre.

A man may own a lot in a city or a farm in the country and live all his life in New York or Paris. His land will advance in value with the growth of population and business at precisely the same rate as a similar lot or farm similarly located, but owned by one who lives on and uses it. Of course, I am not referring to fertility, buildings or other improvements which may change and vary greatly, or which may be destroyed.

These simple facts may be readily observed by anyone. They need no expert research. They are known to every land speculator. They illustrate and prove that land value is a social value, created by the growth and activity of population. The owner does nothing to create this value except as a member of the community like all other members whether they own any land or not. In fact the busiest and most useful man in the community may not own a foot of land. This is true of nothing else but land, and by land we mean all natural resources, such as mines, quarries, lakes, rivers, water powers, dockage and wharfage sites and so on.

2. The value of all other things than land is created by human labor.

This proposition is to be taken in a broad and general sense. Some one may pick up a diamond in the desert, or a nugget of gold in the mountains, or find a wild deer caught in the bushes all ready for his knife and frying pan, and the quibbler will exclaim, "There! is this land or the product of labor?" We do not care which you call it. It is of no importance for the purpose of this discussion. If it becomes important let the assessor or the courts settle it. We are considering common every day phenomena,—land, or natural resources; and commodities, personal property, buildings and machinery, live stock, and usually soil fertility, the products of human activity—and pointing out the fundamental distinction between land and labor

products,—between the things whose value is created by society, and the things whose value is created in their production by the producer,—between God's gifts and man's work.

A house may have little or no value if built where there is no population. But houses are not usually built at such places; and we are considering the common, usual, and prevailing circumstances. We are not discussing exceptional and doubtful cases concerning which people may argue. If a man builds a house to use or to sell it is commonly built with some reasonable relation to location and purpose, and its value is commonly measured fairly well by its cost in labor and materials, or its replacement cost. It is sometimes argued that it would have no value if there were no community, therefore that the community creates the value. But this is merely a quibble. In the usual course it would not be built if there were no community, since men commonly live in communities. If it is built for sale suitably to the community and to its purpose, as the ordinary man will build, it ought not be a matter for argument that the man who creates the house creates the value. The presence of the community with prospective purchasers is merely the incentive to the creation of the house.

What is true of houses is generally true of all commodities created by human labor. As a rule, and in a broad way, their value is based upon the cost of labor and material, or the cost of replacement, which includes the same idea. Fluctuations occur due to market conditions and other causes, but like the waves of the ocean, they always tend toward a common level—the cost of production or replacement in terms of labor and material; and material again goes back to labor cost plus the cost of access to the absolutely raw material. Assessors, appraisers, and insurance men constantly base their valuations on construction or replacement cost. Manufacturers of goods make their contracts of sale upon careful computation of labor and

material costs of production. The shoemaker creates value in making shoes. The shoes would have no market value if there were no community; but then no shoes would be made, except for the shoemaker's personal use. So with all the thousands of things made by man's craft and industry. They have exchange value because of the existence of society; but it is because they will have value when made that they are made. The creator of the thing creates the use value, and the exchange value follows if there are people who need or desire the thing.

Thus we see the fundamental distinction that must be kept always in mind,—the distinction between natural resources and man-made things. Man is given the earth upon which to live; and out of its materials he must produce all the things necessary to his livelihood and well being. There are those whose reasoning becomes so super-refined that they cannot find a dividing line between the plow and the earth which it turns, or between the fish and the stream from which it was taken. But the farmer knows that someone made the plow, and that he bought it down at the village, while the land has been where it is for a good many centuries. The fisherman knows the difference between the fish and the stream; and if his dinner depends upon a fish he knows the difference between a fish in the stream and one in his basket.

It ought not to be necessary to enlarge upon the distinction in the source of value between land and the things produced by human labor. In the case of land the value is the creation of society as a whole; in the case of the products of human labor the value follows or is induced by the act of production. But it is of the highest importance that we keep the distinction clearly in mind.

Fertility of farm land is, however, in part an improvement value, sometimes in very large part, and it should be classed as such. There is an original fertility which disappears in

a few years of continuous use. Most land in its original state requires clearing and improving to bring it into use, and such clearing and improving does not more than pay for the original soil or fertility. As the original fertility is exhausted, it must be restored or kept up by the application of fertilizers and other treatment.

Consequently, when we speak of the social value of land, the value created by the community or society, we should have in our minds a line of demarkation between "land" and "improvements." And by land we mean the original surface of the earth, with its natural characteristics of area, topography, location, capacity for particular uses and so on. While this line cannot always be drawn with exactness, it is definite enough for our needs. In the city, "land," will usually mean area and location; and "improvements" will usually mean buildings, machinery and abutting streets and walks constructed by the owner. Among farmers "land" will usually mean area, location and natural capacity, while "improvements" will mean buildings fences, drains, wells, and that special fertility resulting from cultivation, care of the soil, application of fertilizers, and the usual labor and attention bestowed by good farming.

With the above descriptions and definitions in mind it should not be difficult to distinguish clearly enough for all practical purposes the difference between land value and improvement value based on the facts that one is a natural resource, the other the product of human labor; that the value of one is created by the community or society; the value of the other produced by human effort or labor applied to such natural resources.

3. Ground rent paid to private land owners is a burden on society for which no economic return is made to society, and is therefore an economic waste.

Ground rent means the sum paid for the use of land exclusive of any improvements produced by labor upon or

in the land, such as buildings, fences, growing crops, excavations, borings, docks or wharves, bridges, machinery and usually soil or fertility value.

Annual ground rent measures the annual value of the land; and the market or exchange value of the land is usually the annual ground rent capitalized. Thus, if the annual ground rent above taxes and other charges is \$1,000 a year when money is worth five per cent, the selling value will be about \$20,000. But this value is often modified by other considerations, the chief of which is prospect of future increase or decrease in demand for its use resulting in increase or decrease in its prospective future value.

A certain corner lot in a city is leased to a tenant who erects and owns the building thereon, pays all taxes on both land and building, and pays the land owner \$30,000 a year ground rent. The business carried on in this location must be sufficiently extensive and profitable to pay this rent in addition to taxes which may be estimated at \$15,000 to \$20,000 upon land and building. It must also pay interest on investment, insurance, salaries of employes, and a reasonable profit to the tenant, owner of the building, and whom we may assume to be general manager of the business or location.

The business, whatever it may be, is patronized and kept alive by the community which it serves. This community, in the prices which it pays for goods and services must pay all the charges above outlined, including the ground rent. The one item of cost which the community pays and for which it receives no return is the ground rent. By that I mean that the landlord who receives \$30,000 a year makes no equivalent return in goods or services, as do the manager, the salesman, the clerk, bookkeeper or stenographer who may be employed in the building and assists in the business. The landlord may be in a foreign country, in an asylum, or in jail, or he may be a suckling infant. He adds nothing to the productivity of the community, and aids

it in no way. He is a mere dead weight like the upkeep of a jail, or a garrison of soldiers in time of peace. These seem to be necessary evils, while the landlord is not even necessary. At one time, in certain counties in Wisconsin the sheriff was enabled to collect through the fee system, \$30,000 to \$40,000 a year for services reasonably worth no more than four or five thousand dollars. This illustrates the privilege of exploiting the community similar to that of the landlord. Fortunately for the community there was only one sheriff at a time. Some one said in extenuation that he paid for the privilege through high election expenses, and the risk of not being elected. A similar argument has been offered in behalf of land owners. It ought not take a college graduate to judge of its weight. The old Louisiana lottery returned to society a large part of what it collected, but net ground rent is an entire loss to society. Much was said in the past about the economic loss involved in the liquor traffic, but it was small compared to the economic loss of ground rent.

The \$30,000 a year ground rent referred to is merely an illustration. It is being paid for only about 100 feet of frontage on one side of a street several miles in length. It is one of the higher priced locations. But it will aid in giving some idea of the immense value of all the frontage on both sides of the street for its entire length. Add to this all the other street frontage in a city of half a million population. It will give a further idea of the tremendous value of annual ground rent of such a city. Now consider in this respect the billions of dollars of annual ground rent of all the cities in this vast nation. Add to this the annual ground rent value of farms, mines, quarries, oil wells, water powers, water fronts and rights of way. One may thus obtain only a hazy glimpse of the staggering total of this economic waste. If saving is a virtue and wasting is a vice on the part of the individual, why is it not equally true on the part of society? And here is probably a more obvious, widespread

and continuous waste than all others of which society is guilty. Much criticism and complaint is heard today among intelligent men and women of the tremendous cost of military and naval armaments and upkeep; and the useless burden thereof upon the taxpayers,—upon business and production. But do not these intelligent men and women stop to consider how many times greater is the inexcusable waste of ground rent?

Let us go a step further. Suppose the tenant in the illustration above should purchase the land from the landlord. He would immediately cease to pay \$30,000 a year ground rent, but he would continue to collect that amount from the public through the business transacted at that locality, and instead of paying it to a landlord he would deposit it in the bank to his own credit. Would there be any gain to the community? None whatever. The public would merely be contributing to a different landlord.

It is thus seen to be immaterial whether the land is owned, and the ground rent absorbed by the man who uses the land, or by another who leases it to the user. We need to see and to keep clearly in mind the difference between the man as an owner of land and an absorber of ground rent, and the same man as a user of land, a merchant, manufacturer or farmer. In the one capacity he is obtaining something for nothing; in the other his income is a return for some product or service to society. In the one case he is purely a barnacle on the social ship; in the other he is a useful and helpful member of the crew.

We have now established clearly enough, it would seem, two economic propositions:

That land value is created by the community or society.

That land value in the form of annual ground rent paid to private owners is a burden on society for which no return is made; that is to say, it is a social waste.

It can probably be stated that the proposal of the "single

tax" is based on these two propositions. If land value is created by the community or society it naturally belongs to society, and should be taken for the uses of society. Since no return to society is made by those who receive it, and since socially its payment to them is an economic waste, it becomes the duty of society to take it for social or public purposes and to discontinue the waste. And this is what the single taxers propose to do; that is, to convert ground rent into the public treasuries in lieu of taxes.

Perhaps it ought to be explained here that the name, "single tax," is something of a misnomer; for it is not "single," in the sense of prohibiting other taxes. The total of ground rent may or may not be sufficient to defray all public expenditures; or the entire public expenditure may require only a part of ground rent. It is quite immaterial to the question of whether or not ground rent should be devoted to public purposes. If it should not be sufficient of course other taxes would be retained, and presumably those taxes found least burdensome would be retained longest, such as the inheritance tax and the income tax.

It is not a "tax," but is payment for the use of land for which the user receives full value, as is illustrated in the case of the \$30,000 a year business location. Hence it is no burden. The tenant in that case receives full value for what he pays, even though the landlord makes no return for it. The tenant is willing to pay it, else he would not contract to do so, and to bind himself further by expending a large sum of money for a suitable building, which he must lose if he refuses to continue the payments. But while the tenant is willing to make the payments, he is indifferent as to whether he pays it to the landlord or to the city treasurer. In fact, he would much prefer to pay it to the city treasurer if it will relieve him of the tax upon his building and stock of goods, and perhaps upon his income. So the "single tax" is not necessarily single, and it is not a tax. It is merely the collection of annual ground rent by and for

the public in the form of a tax, and with the present taxing machinery.

This, then, is the very simple proposition which the single taxer makes: to repeal other taxes, or the chief ones which may best be dispensed with; and to convert ground rent into the public treasuries for public purposes.

Very great complaint is constantly made about the burden of taxation. State, county, city and town officials are constantly struggling with the problems of taxation. Elections are won and lost upon questions of taxation. Often the candidate who can make the most impossible promises of tax reduction will be the most successful, regardless of his fitness for the office. Other important public questions are often forgotten or ignored, so great is the hope felt in a promise of partial relief from taxation. And a sad part is that usually taxes cannot be reduced, and often the candidate knows it; and if he does not know it he quickly learns it upon entering office. For while the public is insistent upon tax reduction, it is equally insistent upon the many public services for which taxes are spent: good roads, good schools, competent police and fire protection, courts and court officials, pure water supply, a well lighted city, sanitary inspections, hospitals, public parks, and other public services and facilities too numerous to mention, and constantly growing in number, followed by constantly increasing taxes in spite of all the promises of the politicians.

Were it not for the oppressive burden of taxation upon industry and enterprise, much more expenditure in public services would be demanded. Hospitals are overcrowded, and subscriptions and "tag days", and other devices are resorted to for needed additional funds. Numerous charitable organizations are maintained in every city struggling for support with meager private contributions,—begging for help in the midst of a vast waste of publicity created ground rent;—charity struggling to perform the services

that should be freely and generously provided by the public out of the wasted ground rent. School houses are crowded to the doors for want of money to build more school houses; and underpaid school teachers are wearing themselves into nervous exhaustion with classes of forty, fifty, and sixty, when they should be permitted to do calm, deliberate, and cheerful work with classes of fifteen to twenty-five. Bonds are issued for public improvements, throwing part of the burden upon our children and grand-children to pay, when often the improvement itself will be gone and forgotten before its cost is finally paid. Instances showing the great need of additional public expenditures might be multiplied. The reader will think of them without further suggestion.

In the meantime, merchants are taxed heavily for stocks of goods, and must pass the tax on to their customers. Manufacturers are heavily taxed on buildings and machinery. If their product is not sold this year, it must pay another tax next year. They must add the tax to the cost of their product. If they make a profit, they must pay an income tax. If a workman builds a house he is taxed for it, even though half the cost is covered by a mortgage to be paid out of his future wages. If the house is freshly painted the tax is increased. If a farmer brings in pure-blooded stock to improve the neighboring herds, his tax is increased. Again such instances might be multiplied. And all this is to save ground rent to the landlord, as if he were a necessary factor in society, as is the farmer, the laborer, the merchant and the manufacturer.

Thus is society pinched and sweated for the means to do the things that need to be done; and thus is it pouring the golden stream of its own created values into the pockets of those who make no return to society, not even thanks. Thus blind are we to the things that are as obvious as day, and wedded to what is because it has been. It was once taught that all property should be taxed equally in pro-

portion to value; and that economic superstition is not yet dead. It is now taught that taxes should be paid in proportion to ability, that is, by the most useful and productive citizens; when in fact taxes should be abolished, and ground rent taken for public purposes.

Let us repeat, then, that the single taxers propose to abolish these oppressive taxes, and at the same time to eliminate the landlord; to convert ground rent into the public treasuries to meet the necessary public expenditures. No good word can be said for the landlord as such. He has been a parasite, an oppressor, a scourge at all times and in all countries. Think but a moment. All Christians recognize that God made the world as the home of the human race. Others than Christians must recognize that nature compels man to live on and from the earth. Since to live on and from the earth is a necessary condition to human life, it must be an equal condition. It is a natural right. It inheres in every human being. Hence it must be an equal right of all. That is, all men have an equal right to live on and from the earth. How then can that equality be reconciled with the proposition that one man may charge another for the use of a part of the earth? And yet we know that a very large part of mankind must pay ground rent or purchase price to others for permission to use land. This is in accordance with human law, but in clear violation of natural law. And most human misfortunes arise from violations of natural law.

In the case of landlordism this is so evident that it needs only to be stated to those with an open mind. It is sometimes said that non-resident landlordism is an evil; but there is no moral difference, and probably little if any economic difference between resident and non-resident landlordism. Each absorbs the annual ground rent, and makes no return. The Irish landlords spend the money thus collected most largely in England. Perhaps the English and French landlords spend more at home than any

others. The Russian landlords, before the revolution, spent the money of their people in Paris and Monte Carlo; the German in Berlin and Paris; the Mexican and South American in New York and Paris; the American in New York, England, France and elsewhere. He is quite a traveler. The lesser American landlords go south or to California in the winter, and to the mountains or Northern lakes and woods in the summer.

Most American landlords are engaged in some useful service or productive business. In that respect they are useful citizens and members of the community. They earn incomes from their business or professions, as well as collect incomes from ground rents. The man, merely as a landlord must be kept separate in this discussion from the man as a business or professional member of society; and his earnings in service or production must be distinguished from his ground rent income. In abolishing landlordism we do not interfere with his usefulness as a producer or a citizen. In fact we are more likely to add to it.

Social stratification has not yet proceeded in this country to the point where it is a disgrace for the wealthy landlord to engage in a gainful occupation. His daughters may not teach school, clerk in a store, or work in an office; but his sons are expected to enter business or learn a profession. But in the east where the descendants of wealthy landlords have reached the third or fourth generation, stratification has taken place to some extent; class consciousness is more or less prevalent; inter-marriage among the "four-hundred" is considered good form; an extravagant and wasteful mode of life is encouraged; and the property of the family so far as possible is tied up in more or less permanent trusts in an attempt to perpetuate family names and incomes. Not only all of the women, but most of the men consider any kind of business or work beneath them, except possibly the legal or banking professions for the men; but they

keep large retinues of servants and hangers-on who are also withdrawn from productive occupations and kept from adding to the general wealth. The constitution prohibits the granting of title of nobility. This was because of the oppression of the common people of Europe by the nobles in those times. But the oppression did not result from the titles of nobility, but from titles to special privilege, particularly titles to land upon which the peasants must live. Landlordism was the evil that should have been guarded against instead of titles of nobility. A nobleman who has to earn his living is perfectly harmless. He can oppress no one.

Let us now consider more fully the application of the remedy. We have seen:

That the value of land is created by the community or society;

That this value is measured by annual ground rent in a huge total amount;

That private individuals receiving ground rent make no return therefor to society, hence that it is an economic waste.

That present taxes constitute a vast oppressive burden upon productive industry and enterprise; and

That landlordism is not only entirely unnecessary, but is essentially an evil in itself, and a violation of natural law.

The proposed remedy is to convert ground rent into the public treasuries to be used for public purposes, and to dispense with other present taxes so far as necessary or practicable. This we think will insure the exemption from taxation of all personal property and of buildings and improvements on land.

Now, the immediate practical question is how to do this in the simplest way, and with the least interference with or upsetting of the regular course of business and affairs.

It would seem wise to take a step at a time, not too long, in an experimental way, and which can be retraced if a mistake is made.

It seems quite clear that the taxation of personal property should be immediately discontinued, and a small exemption of buildings and improvements should be provided as a beginning. In the 1921 session of the Wisconsin legislature a bill was proposed (No. 440 A.) providing in substance that buildings and improvements upon every homestead should be exempt from taxation to the extent of not to exceed \$2,000 of their value. Such a provision as this would be but a short step. It would probably exempt less than ten percent of the property presently taxable in the state. But it would be a reform that would be widely felt, as it would benefit every home owner, and would be to the greatest relative benefit of the small farmers in the country, and the small home-owning workmen and business men in the cities, and would encourage home-owning instead of tenancy.

Such an exemption would throw a greater part of the tax upon land values, thus absorbing a larger part of ground rent for public use, which is its chief purpose. But it would also tend to increase the tax upon buildings and improvements other than homesteads, a result which is undesirable, but which would without doubt soon be corrected by a partial exemption of all buildings and improvements. A similar provision has been recently enacted into law in Pennsylvania exempting from taxation ten per cent progressively every two years of buildings in two principal cities of that state, Pittsburgh and Scranton. This provision has proved very popular as well as beneficial to everyone except large land owners and speculators in vacant land. The small land owner whose land is occupied by a dwelling or other improvement is materially benefitted by the partial exemption of the improvement. Many other instances might be cited of a growing public sentiment

toward such exemptions. In several of the western Canadian provinces some steps were taken in the past toward shifting the tax burden to land values. But these provinces are immense territorially, sparsely settled, with relatively cheap land; and the settlers are largely land owners with more land than they can use, and hence with both the opportunity and the disposition to speculate. Consequently there has been much see-sawing and changing of laws in the struggle between the speculative and the productive interests, and the end is not yet. Nearly all accounts of the situation have been written and published by anti-single taxers, and are colored consciously or unconsciously according to their views.

The exemption of \$2,000 of homestead improvements would not be a mere sop to farmers and workmen, but would be a substantial relief, and an obvious illustration of the benefits of exempting improvements. It would also be a valuable piece of education, especially to farmers, who have been led for years through insidious propaganda to consider the "single tax" as a direct and dangerous attack upon their property; whereas no classes would benefit so much as farmers, workmen and small business men by exemption from taxation of buildings and improvements. At present there is much complaint of a shortage of dwelling houses. Think what encouragement it would be toward the building of moderate priced residences if they were to be free from taxation. Think what encouragement it would be to production if all products were exempt from taxation,—to building, if all buildings were exempt.

Such a law would have another very great advantage. It would require no new or expensive machinery for its application. With the gradual removal of other taxes and the increased concentration of taxes on land values, the machinery of taxation could be much reduced and simplified, and require fewer officials. Nothing is easier to assess

and to determine approximately its true value than land. None of it can escape or be hidden.

While it might still be called a tax, it would actually be the collection of ground rent; for all taxes, upon land value come out of ground rent, and reduce by so much the amount left to the private landlord. This can be illustrated again by our example of the \$30,000 a year business corner. What the tenant pays is what he finds it worth to him as a business location. If it were worth more he or others would be willing to pay more, and the landlord would soon know it. Hence, while he continues to pay the landlord \$30,000 a year ground rent, and to pay the land tax of \$10,000 or \$12,000 a year, it is very clear that he would be willing to pay the landlord \$40,000 or \$42,000 a year if there were no land tax. It is equally clear that if the land tax were twice as much, say \$20,000 a year, he could pay the landlord only about \$20,000 for ground rent. It is an established principle agreed to by all political economists that a land value tax cannot be shifted, but only reduces net ground rent.

Another point might be touched upon briefly: Much high priced land, especially valuable locations in cities, is owned by corporations; and the stockholders and bond holders receive the ground rent of these holdings in the form of dividends and interest. In the common mind these security holders are ranked as capitalists, whereas in fact their securities represent interests in lands. True capitalists are those who own buildings, machinery, stocks of goods, live stock, and all such labor produced commodities. These it is proposed to exempt from taxation. But because of the disservice of so-called capitalists whose income is really ground rent, true capitalists suffer a certain stigma in the minds of the labor element, especially of labor unions.

But what of the farmer? This is an important question, for the farmer is the largest landowner in respect to area. And the farmer is the first to be appealed to by the large

city land owner and the vacant land speculator. These do not care for the farmer, but they care for his vote to preserve their toll-taking monopolies. It may be assured that they will make a desperate struggle to retain their ground rent and their power to exploit society. No representation or misrepresentation that will be thought effective with the farmer-voter will be neglected. No money will be spared. Eloquent speakers will be drafted into service. Newspapers will be subsidized. Pamphlets will be printed and distributed. Cunning arguments will be framed as they have been already. And the farmers in particular will be appealed to; and the farmers, being land owners, will be easy to appeal to.

But the case of the farmer is very simple, and the effect of the single tax on the farmer, or so much of it as the people may accept, is very simply explained. It should not be forgotten that the proposal is to go a step at a time, with not very long steps. In the first place, it should be observed that it is not proposed to increase the farmer's tax, except as he sees fit to increase it himself. It requires a given amount of money to run his schools, his town government, and his county government. State government costs him practically nothing. Exempting his buildings and improvements and personal property merely shifts the tax to his land values, but does not increase the taxes required. That simple statement ought to set at rest any fears that he may have. In addition, it may be noted that any progression toward the single tax may be halted by the farmer at any stage, for he has the votes. Further, it may be pointed out to him that the exemption of improvements will increase the tax on vacant land, which has no improvements to exempt, and the holding of vacant land is not a necessary or useful activity; no one need engage in it. And perhaps most important under a proper system of assessment, the fertility of his land, that is, the condition of soil which is the result of labor, cultivation and fertilization,

is strictly an improvement value, and should be exempt as such.

However, the chief benefit will be to the farmer as a consumer; for the farmers are a majority of our people, and therefore a majority of the consumers. And since the present taxes on manufacturers and merchants are shifted to consumers of their goods, these taxes must eventually be paid in large part by the farmers. Another large part is paid indirectly by laborers, who constitute the next largest body of consumers. The taxes thus loaded on consumers it is proposed to abolish. Under our present system, it is probably true that the farmer pays more than his fair share of taxes; for everything that he has is easily found by the assessor; while under the proposed system, he would pay only his exact share.

It is sometimes said that the single tax system proposes to nationalize land, or to abolish private ownership. Nothing of the kind is proposed. No tenure or title will be interfered with. Only the toll-taking will be interfered with. Net ground rent to the landlord will be reduced. More of it will go for taxes. But all that has no effect on title. It will be less profitable to hold land idle; but no one need enter the business of holding land idle. Mere landlordism will be less profitable; but that occupation may be dispensed with. It is likely to reduce the selling price of land; but that will benefit buyers of land to use; and there are more buyers coming into the world than sellers going out of it, and they are more important. The farmer needs to think more about his children and grand-children, and less about himself. If the price of farm lands is reduced, fewer young men will be driven to the cities to make a living.

Absolute security of title and possession by the user of land is necessary to its best use; and this must be maintained, and even strengthened. But there is no conflict or inconsistency between this security of title and possession in the user, and the claim of the public to its ground rent

for public use. The user must always pay for the land he uses, either in the form of ground rent or of purchase price. When he once understands the question at issue he will prefer to make the payment into the public treasury rather than to a private landlord;—for thus he is paying it to himself, in joining his neighbors who are making like payments,—and he and his neighbors are the public.

An argument commonly made against the "single tax" system is that men who have honestly invested their honestly earned money in land should not be deprived of their investment by reducing its "earning power," thus depriving them of values for which they have paid. This raises a moral question, or a question of natural right. It is also a moral question whether society should be exploited perpetually of its self-created values for the benefit of its mere parasites,—whether the products of society should be sapped away forever under the fiction of vested rights in the bounties of nature that were evidently intended equally for all God's children. We may set one moral question up against the other. Probably the true answer is that land, a natural resource, is the heritage of the whole people for all time, and is subject to dispositions and regulations to be made and changed from time to time as may appear to serve the best interests of society as a whole; and these regulations should be made, not by the dead hands of departed generations, but by the living who must live under them.

But a further answer is that while society is bound to protect the honest earnings of labor and enterprise, it is not bound to follow the owner into his chosen use of such earnings. To illustrate: A man may earn \$50,000 in useful and productive labor or business. He is entitled to the fullest protection in his possession of that money. It is his, and he is entitled to the undisturbed possession and enjoyment of his earnings. But if he exchanges his \$50,000 for slaves, the protective duty of society now passes

to the new owner of the \$50,000; and the former owner is now entitled only to the consideration due to other slave owners. If he exchange his \$50,000 for a brewery, he is entitled only to the consideration which society owes to the owners of breweries. If he exchanges his \$50,000 for land he is entitled to the treatment due to all other landlords. When a man parts with his "honestly earned" money, the protection which society owes follows the money, not the thing purchased with the money. His legal and equitable rights and liabilities are gone with the money. He receives the rights and liabilities connected with the property purchased. He may choose to buy oil stock or mining stock, Mexican plantation stock, or other "blue sky stock;" he may buy opium or "moon-shine" or gold bricks or lottery tickets. He is entitled to such protection as society offers to the holders of these various forms of property. But the protection due to "honestly earned" money is gone with the money. Is it not strange that many very intelligent writers should need to have this pointed out to them?

It is probable that a hundred or more years ago when land was plentiful and cheap, almost of no value, the present system seemed wise. For everyone who cared to could have land, and ground rent was a negligible quantity. Most of the people were land owners, and the ground rent advantage of one offset the ground rent advantage of another. Besides our land laws were largely copies from England, and were there chiefly made by the landlord class.

But the situation keeps changing; and institutions change with circumstances. With the growth of great cities comes a concentrated growth in land values, and this growth is derived from the surrounding country, as well as from the city itself; and acres that were worth but a few dollars are now worth millions; and what was once a farm now costs the people millions of dollars a year in ground rents; and vast toll is taken from the people without return; and labor and capital are sweating under oppres-

sive taxes to meet the growing burdens of government; and the double burden on society of ground rent and taxes is probably the cause of more of our economic and social disturbances and troubles than is commonly suspected, and of more poverty and distress than is thought; for one cannot have large unearned income except as it is earned by others who do not get it.

Figuratively speaking, ground rent acts as a huge suction pump sucking up the income or earnings of the people in excess of a bare living, and using it in part in the showy extravagances of the few, and in part in buying up and concentrating the national resources and capital so as to eliminate natural competition and to control wages and fix prices. If taken by the public under the form of taxation, it will be immediately returned to society in the form of public services for all the people. It will become a blessing instead of a means of oppression. Our statesmen and legislators are constantly looking for new sources of revenue and subjects of taxation, and are blind to the golden stream of ground rent constantly going to waste.

If the owners of the vast city values, of mines of coal, iron and copper, of oil wells and timber and water powers, can succeed in drafting the farmers to save their monopolies, their royalties, their tolls, and their ground rents; and if at the same time they can keep the farmers and workmen, the merchants and manufacturers sweating under the burdens of present taxation, it will be a piece of magic to excite our wonder and admiration.

Let us close by quoting from *Progress and Poverty*, that wonderful work that points out why Poverty follows in the footsteps of Progress; why the hovels of a great city stand almost in the shadow of palaces, why the hungry and destitute stand in bread lines and at soup house doors so numerous as to hinder the rolling carriages of the princes of wealth; and why there is yet danger of the red flag and the mob; of the hungry and the down-trodden making a mock-

ery of all property rights as the oppressed of Russia appear to have done; or of being shot down in the streets by their fellow American citizens in military uniforms. Let us quote the words of that master mind:

"The truth that I have tried to make clear will not find easy acceptance. If that could be, it would have been accepted long ago. If that could be, it would never have been obscured. But it will find friends—those who will toil for it; suffer for it; if need be, die for it. This is the power of Truth.

"Will it at length prevail? Ultimately, yes. But in our own times, or in times of which any memory of us remains, who shall say?

"For the man who, seeing the want and misery, the ignorance and brutishness caused by unjust social institutions, sets himself, in so far as has strength, to right them, there is disappointment and bitterness. So it has been of old time. So is it even now. But the bitterest thought—and it sometimes comes to the best and bravest—is that of the hopelessness of the effort, the futility of the sacrifice. To how few of those who sow the seed is it given to see it grow, or even with certainty to know that it will grow.

"Let us not disguise it. Over and over again has the standard of Truth and Justice been raised in this world. Over and over again has it been trampled down—oftentimes in blood. If they are weak forces that are opposed to Truth, how should Error so long prevail? If Justice has but to raise her head to have Injustice flee before her, how should the wail of the oppressed so long go up?"

"But for those who see Truth and would follow her; for those who recognize Justice and would stand for her, success is not the only thing. Success! Why, Falsehood has often that to give; and Injustice often

has that to give. Must not Truth and Justice have something to give that is their own by proper right—theirs in essence, and not by accident?

“That they have, and that here and now, every one who has felt their exaltation knows. But sometimes the clouds sweep down. It is sad, sad reading, the lives of the men who would have done something for their fellows. To Socrates they gave the hemlock; Gracchus they killed with sticks and stones; and One, greatest and purest of all they crucified. * * *

“I have in this inquiry followed the course of my own thought. When, in mind, I set out on it I had no theory to support, no conclusions to prove. Only, when I first realized the squalid misery of a great city, it appalled and tormented me, and would not let me rest, for thinking of what caused it and how it could be cured.

“But out of this inquiry has come to me something I did not think to find, and a faith that was dead revives.”