

**POLITICAL ECONOMY CLASSES.**



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**EXTRACT FROM ONE OF THE LECTURES DELIVERED BY MR. DOUGLAS AT HIS GLASGOW POLITICAL ECONOMY CLASS.**

**ON TAXATION.**

All the modes of taxation that have so far been tried are a complex of arbitrary imposts levied for the most part on the principle enunciated by Colbert—to pluck the goose so as to get the greatest amount of feathers with the least amount of squawking, and the incidence of these taxes is, as complicated and arbitrary as the taxes themselves. The economists who have written particularly on this branch of Political Economy generally admit that it is almost impossible to tell what is the exact incidence of these taxes but there is a general agreement that in the long run they fall upon industry and especially upon labour.

The fundamental and obvious objection to all such taxes is that they are not based on any principle, for they do not even agree with the principle most loudly advocated by their defenders—the principle of “ability to pay.” Henry George, therefore, in criticising these taxes and in working out a new system of taxation, had first of all to devote himself to discovering a just principle of taxation. The conclusion that he came to was that every citizen should pay taxes in proportion to the value of the advantages which he receives from the community. This principle, which is so simple that it has only to be stated to win the assent of any reasonable man, contains in itself both the ethical and the economical basis of a proper tax-system, and practically every objection which has been made to the Single Tax system contains an implicit denial of this fundamental principle. The question now arises what kind of goods owe their value to the advantages afforded by the State and what proportion of their value is due to that cause.

We have learned to classify all the goods which are the subject of economic inquiry into two classes—labour-products and land. Can it be said of the value of labour-products that no part of it is due to the community when it is apparent that all production nowadays is a vast unconscious world-wide co-operation which can only be carried on with the aid of the public services provided by the State?

Or must we not rather agree with Edward Bellamy's assertion that “nine-hundred and ninety-nine parts out of every thousand of every man's produce are the result of this social environment and inheritance”? It is indeed true that the greatest factor in present day production is co-operative or joint production, but although one man only makes part of a thing, only contributes part of its value, it is not fair on that account alone to say that the rest is due to the community: it can only be said that it is due to the other individuals who have taken part in the production process, and the proportional share which each one had in making that value is measured in the end by the higgling of the market—is measured the more accurately the wider the market and the more perfect the competition in it. But, it will be said, there remains over and above all that a contribution which the State makes, for your production is conditioned by the environment which the State sets up—by the battleships and policemen, poor-laws and sanitary regulations which it establishes. True, but the State if it acts wisely does not confer special privileges on some men but deals equally with all men; it sets up an environment which all alike may share and each may make use of according to his individual abilities. The State, therefore, contributes no more to the value of the products of one man's labour than to that of another's. Any difference which there may be is due solely and entirely to the difference in individual abilities, to the differences in capacity for making use of the environment provided by the State.

The case of land however is far otherwise, for land is not a good which is produced by man. Its value cannot therefore be attributed in any sense to cost of production. We have before shown that rent is not paid for land on the margin, but that rent or land-value measures the relative advantage of any piece of land as compared with land on the margin, and this relative advantage is due solely and entirely to the community and not to any individual action on the part of the landowner. The only thing the owner can do is to make improvements which may increase the total value of the capital on the land, but do not increase the value of the land itself. The value of land can never be said to be due to the individuals called landowners: their actions have no sensible effect upon its value.

The distinction between the value of land and the value of labour-products is therefore complete; the one is due to the community alone, the other is due to the individual alone; and so on the canon of taxation set forth above the one is the fit subject to bear all taxation, the other should be entirely exempted. Hence emerges the true method of taxation—the Taxation of Land Values.

**LAND SPECULATION IN WESTERN CANADA.**

Western Canada is in the deadly grip of the land speculator. The Press of this country has been taken advantage of to the fullest extent in boosting the traffic and alluring advertisements have stared out from the columns of all the prominent newspapers.

In a recent note issued on behalf of the Canadian Government in London to the Press, appears the following extract from a recent article in the MONETARY TIMES of Toronto dealing with an investigation this journal has made into certain phases of real estate speculation in Western Canada:—

The speculation in real estate in Western Canada is a menace to the country's prosperity. It is a slap at the maintenance of Canadian credit. It is retarding the proper growth of towns and cities which deserve better treatment. It is placing, in a country of millions of spare acres, a home beyond the reach of the artisan. It is putting lands, which should be tilled by market gardeners, into thoughtless speculators' hands. The situation is unnatural. Unscrupulous real estate brokers have blown wild talk into the speculative balloon until their lungs are weak.

The worst feature is the sale of outside subdivisions. This consists of the purchase by promoters of farm or waste lands (outside municipal boundaries already of generous dimensions) at a few hundred dollars per acre, and their sale on the strength of imaginative literature, at so much per city lot.