

He lives, and will live so long as his example remains with us." Tom L. Johnson's life, his courage, his devotion and his practical sagacity as a leader in the fight will encourage those who worked with him and tens of thousands the world over who watched from afar his doings as a single taxer and as a great municipal administrator.

Last year, when he was visiting this country, it was a matter of keen regret to thousands of our people that Mr. Johnson's illness prevented him taking to the platform or going about from point to point to visit the many centres of our educational activities; but he knew what had been done these past thirty years since Henry George carried out his first brilliant campaign, and what he did see drew from him the highest measure of praise and affection for those who had done the work.

In Tom L. Johnson's death we have to mourn the loss of a brave leader and a warm personal friend. He kept the faith. Far beyond the confines of the city he worked for and died for his noble unselfish life inspired men and women with zeal and unflinching decision to strive for the coming of the better day when peace and health and strength will be no longer a dream but a realisation.

J. P.

AN EXPLANATION OF THE SINGLE TAX.

By W. R. HENDERSON (BIRKENHEAD).

We have pleasure in reproducing this essay on the Single Tax read by W. R. Henderson to the Keswick Wesleyan Guild, Birkenhead, at a recent meeting.

DIRECT AND INDIRECT TAXES.

The single tax signifies the abolition of all taxes save that upon land values. Our present system of taxation includes taxes upon such diverse things as beer and cocoa, tobacco and tea, sugar and spirits, and a tax upon our incomes. Under the policy of the single tax all these and multitudinous other imposts would be done away with, and a tax substituted upon land values, this being proportioned to the value and not to the area owned. The single tax, moreover, would be a tax on the site value alone, and in making an assessment the value of buildings and other improvements on or under the site would be left out. Now there are two kinds of taxation, called respectively "direct" and "indirect," a direct tax being, according to J. S. Mill, "one which is demanded from the very persons who it is intended should pay it," while an indirect tax, according to the same authority is "one which is demanded from one person in the expectation and intention that he shall indemnify himself at the expense of someone else," the means by which he indemnifies himself being by raising the price of the taxed article to the consumer.

THE INJUSTICE OF INDIRECT TAXATION.

The magnitude and incidence of indirect taxes are thereby disguised, for who can tell how much he subscribes per year to the Government through the purchasing of such commodities as tea or tobacco? The great statesman Pitt, in denouncing such taxes, said:—"By the method of indirect taxation, you can tax the last rag off a man's back, the last mouthful of food from his mouth, and he won't know what is hurting him. He may grumble about hard times, but he will not know that the hard times have been produced by unjust taxation." Indirect taxation is a system which is consistent neither with the principles of democracy nor with the simplest conceptions of morality. It costs the people much more than the Government receive, in that the merchants through whose hands the taxed commodity passes take compound profits on the tax, and the expense of their collection is enormous. To see the iniquities of indirect taxation and to reject them is to have made one great stride towards the acceptance of the single tax, for the single tax is a form of the direct taxation, since the burden of it cannot be shifted. That this is so can easily be seen by the fact that a tax on a commodity increases the cost of its production, which means a higher price to the consumer, but in the case of a tax on land values the tax could not be shifted by the landlord on to his tenant, since the landlord at the present time gets as much as he possibly can. Besides, the taxation of all land values would increase the supply of available land in the market, for men would not wish, or perhaps be unable, to hold valuable land

idle as they now do, since they would have to pay a tax on its value whether they used it or not.

ABILITY TO PAY OR BENEFITS RECEIVED.

Direct taxes are of two classes:—(1) Taxes that are levied upon men in proportion to their ability to pay (inheritance and death duties, etc.); (2) taxes that are levied upon men in proportion to the benefits received from the public. There should be little difficulty in choosing between these two. The first is a device which is unjust, whilst the second is manifestly fair, and the single tax, falling under this head, is the ideal one. Let it be shown that the value of the services rendered to each individual would be justly measured by the single tax, and we ought to hear no more of the piratical doctrine of taxing men in proportion to their wealth. An honest merchant would not think of charging his customers in proportion to their wealth regardless of the value of the goods they bought of him. That it can be shown that the single tax is a measure of the advantages received by each individual from the State is, I venture to think, a certainty. The value of land arises from the presence of the community, and the advantages of good government, combined with improvements in the methods of production. Wherever men congregate for the purposes of production they must have the use of natural resources from which all our wealth ultimately springs, and upon which we ourselves must live. As men gather together there is competition amongst them for land, which varies in intensity according to their numbers, and it is thus that a first part of the value arises. Again the value of land will be greater or less according as to whether it enjoys the advantages of a good or a bad government. The money spent by the Government in providing public services which give security and advantages renders a value to land. Let the city authorities pave a street, put water through it, sewer it or light it, and land in the vicinity rises in value owing to the advantages of these things. The advantages of public expenditure go to increase the value of land, and thus to raise the rent of land. In paying rent, therefore, we give to the landlord a value which is created by the public expenditure which has come out of our own pockets, and in thus doing it is seen that we pay for our good government twice over—once to the landlord and once to the Government. If we had a single tax upon land values, then, as we all use land, we should contribute exactly in proportion as we benefit from good government and public expenditure. The single tax on land values would fall upon us all exactly in proportion as we used land and thus got the advantages which public expenditure brings, for the single tax would fall upon economic rent, and would make the landlord pay, out of the rent paid to him, the value which had attached to his land owing to public improvements. At the present time the landlord puts the rent into his own pocket, and thus takes from us a value which the public and not he has created; under the single tax he would pay in proportion to the benefits his land received by public improvements.

ON RENT.

When I use the word "rent" let me step aside for a moment to explain what economic rent is, for it is economic rent which I mean when I use the word "rent." Economic rent is a payment made for the use of the land and land alone. Thus your rent which you pay your landlord for your house or shop is not all economic rent, but a mixture of economic rent and something else. It is a payment made up of:—(1) So much for the use of land; (2) so much for the use of a building on it. The first part of the payment is economic rent, the second part is interest on capital. As the single tax is on land values, or, let us say, site values, it is a tax on economic rent, and do not forget that it is a tax on ALL economic rent. Economic rent is of two kinds—actual and potential. Actual rent is where a site is actually being used by someone who actually pays rent. Potential rent is the figure which a site might let at or is capable of letting at. The single tax falls upon both actual and potential rent, so that, whether a site is used or not used, it pays a tax according to its capital value. Now let us see whether the single tax accords with the essential principles of taxation as laid down by the great economist, Adam Smith. He states firstly, that a tax should bear as lightly as possible on production, and indirect taxes tend to check production. They fall on men as they work, as they do business, as they invest capital productively, but the single tax—which must be paid whether the payer works or plays, whether he is industrious or idle, whether he invests his capital well or wastes it, whether he uses his land or leaves it idle—removes all penalties upon industry and thrift, and tends to

leave production free. His second canon is cheapness of collection. Indirect taxes are passed along from the first payers to consumers, and each handler of the taxed commodity takes a profit on the tax, so that the people pay enormous sums more than the Government receives. The single tax takes nothing more from the people in excess of the tax. The third canon is that it should directly fall upon the ultimate payers, and this the single tax inevitably does. The fourth canon is that it should be certain. No other tax conforms to this as the single tax does, for land cannot be hidden or concealed or accidentally overlooked, nor can its value be much misstated. The fifth canon is equality. The single tax falls upon a man in proportion to the pecuniary benefits he receives from the public, and it leaves to everyone the full fruits of his own productive enterprise and effort.

THE SINGLE TAX AND SOCIAL REFORM.

So far we have looked upon the single tax as merely a just and equitable manner of raising revenue for public purposes, but it is something more than this, for it is also a great social reform. Around us to-day we see more clearly year by year the persistence of poverty, and this in spite of all the great inventions and improved methods which enable us to produce wealth more clearly. The question we have to ask ourselves and to answer is—"Why amidst all the advantages of newer and better methods of production do wages tend to the minimum of a bare living, and many have to live in a state of poverty or actual want which cramps every noble and high feeling of which man is capable?" If we can answer this question, then we shall at the same time indicate the cure, and it is my intention here to-night in my limited time to answer it for you as clearly as I can. To begin with, God created you with powers, mental and physical, and in the earth he placed those things which by the exercise of those powers would satisfy your wants. Now the production of those things which you require is the production of what in political economy we term wealth, for real wealth is not money but the things which are necessary to the body, money only being a medium of exchange. What are the things which go to the production of wealth? Labour is evidently one, and the other must be land, for it is only in land that we find all those things which to us mean life. We know, of course, that capital, which is but stored-up labour, often steps in to aid man in his exertions, but in the final analysis all wealth is the product of the application of labour to land. Labour and land, then, are factors in production and the produce must be divided between them in some way. The factors in distribution, then, are wages and rent. Wages are the result of all human exertion whether it be skilled or unskilled. What is rent? I have already explained that it is a payment made for the use of land or natural opportunity. What, then, measures its extent? for whatever measures its extent must also measure the extent of wages, since they are the only two factors in this production I am imagining.

THE LAW OF RENT.

In the science of political economy there is no dispute about the law of rent, for it is described by all economic writers as being determined by the excess of the produce of a piece of land over that which the same application of labour can secure from the least productive land in use. This law does not only apply to land used agriculturally, but to all land, to whatever use it is put. What does the law of rent mean in plain terms? Suppose for a moment a piece of land upon which the exertion of a man for a year would only result in the producing of a bare living for that man. This is evidently a piece of land which is the poorest in quality which can be used by man. Evidently this man can pay no rent, since the land itself, with the utmost of his powers applied to it, only produces a living. Now this imaginary piece of land is called in political economy "the margin of cultivation." All lands which yield more than this bare living by the application of labour will pay rent, and the extent of the rent will be the difference between what is produced on the margin of cultivation and what is produced on the better land. Rents are measured, then, from the margin of cultivation, and, put in plain terms, rent is the difference between bare subsistence and the total production. It may happen that in course of time the land which before yielded merely a bare living to labour may yield more owing to the introduction of superior ways of utilising this land, such as say the introduction of ploughs instead of spades. Land of inferior quality to this will then yield a bare living, which before did not, and so the margin of cultivation sinks and our original piece of land, yielding before only a bare subsistence, now gives something more. It will

then pay rent, and the rent will be the difference between the bare subsistence, and the total increased produce. The value of lands of different degrees above it will rise by this amount. This is the ultimate effect of the introduction of all improved methods of production, namely, that they depress the margin of cultivation and increase the rents of all lands above it by a corresponding amount, so that the ultimate value of all material progress goes to enhance the value of natural resources and cannot benefit labour. Again, men, knowing that the value of land will eventually rise owing to increase of population, and to the introduction of improved methods of production, are inclined at times to hold land at speculative prices, or, in other words, to try and get hold now of a value which can only attach to the land in the future. The reason why, in spite of the increase of productive power, wages constantly tend to a minimum which will give but a bare living, is that with increase of productive power rent tends to even greater increase, thus producing a constant tendency to the forcing down of wages. In every improvement that we have the tendency is to increase the efficiency of labour, but land being necessary to labour, and land being private property, the ultimate advantage of improvement goes to landlords, upon whose land alone these new improvements can be utilised. Long ages ago the Brahmins wisely said: "To whomsoever the soil at any time belongs, to him belong the fruits of the soil."

THE EQUAL RIGHT OF ALL.

Moses, the great leader of the people of Israel, clearly foresaw the evils which spring from the private ownership of land, and he refused ever to let it become privately owned. It was the intention, so the Bible states, that the people of Israel should illustrate the corporate life of loyal obedience to God in a land which was God's gift. (Josh. xxiii. 13.) There was more than Divine love, there was economic wisdom in the command: The land shall not be sold in perpetuity (Lev. xxv. 23). The equal right of all men to use of the earth is a right proclaimed by their very existence. If we are all here by the equal permission of the Creator, we are all here with an equal title to the enjoyment of His bounty and our own powers and industry. There is no power on earth which can rightfully and morally make a grant of the exclusive ownership of land. If all existing men were to meet together to grant away their rights to the earth they could not grant away the rights of their children. For what are we but tenants of a day? Have we made the earth, that we should determine the rights of those in it who come after us? This equal right is recognised everywhere that man's perceptions are not blunted. The white settlers of New Zealand found themselves unable to get a complete title to land from the Maoris because, although a whole tribe might consent to a sale, they still would claim with every new child born among them an additional payment on the ground that they had only parted with their own rights and could not sell the rights of the unborn. The Government was obliged to step in and settle the matter by a tribal annuity in which every child that is born acquires a share. Surely it can be seen that the ownership of land, upon which and from which the whole people must live, is the ownership of the people themselves, and gives the ownership of all material progress which the ingenuity of man brings into being upon it. This inevitably leads to poverty and destitution, and it is to correct this that the single tax is offered, not only as a perfect method of taxation, but also as a social reform. The land on which and from which all men live is according to Holy Writ the gift of a beneficent Creator to all mankind—not to one generation of men, but to all humanity throughout the ages—and the single tax is a means of bringing human social laws into harmony with a moral and ethical code which is justice Divine.

A WARNING TO LAND PURCHASERS.—"A mortgage is the curse of every landed estate in England that has it on it."—EARL CARRINGTON, York, Feb. 23rd, 1911.

WHY THERE ARE STILL PROTECTIONISTS.—"The absurd is taken as excellent juicy thistle by many constitutions."—GEORGE ELIOT.

"Silence is frequently a duty when suffering is only personal, but is an error and a fault when the suffering is that of millions."—MAZZINI.

Convicts must have work, says a popular daily. Yes, and if they had had work and wages before they became convicts, a large number of them would never have become such. Let this fact not be forgotten.—AMERICAN PAPER.