

# THE SINGLE TAX REVIEW

A Record of the Progress of Single Tax and Tax Reform  
Throughout the World.

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## THE INFLUENCE OF THE PRESENT METHOD OF ASSESS- MENT AND TAXATION ON WORKINGMEN'S HOMES

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*(For the Review)*

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By REV. CHAS. E. SNYDER

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I am struck by three words that stare out at me from this subject; method, workingmen's and homes. The process of assessment and taxation in vogue throughout the United States can hardly be called a method. It is a chaos. Its general philosophy seems to be the production of avenues of escape from taxation for a few persons by means of legalized exemptions and for other persons by means of shifting their taxes over onto somebody else. But whenever there are special exemptions in any one class of taxable property other persons in or out of that class must bear the burden of those exemptions, and the distribution of the great mass of taxation therefore becomes an unfair shifting upon the shoulders of those least able to afford it.

It would be neither clear nor fair to consider this question exclusively from the standpoint of the State and local revenues raised by direct taxation upon assessed valuations. Less than one-half of the whole amount of taxation in the United States is so raised. The annual budget of the nation alone, amounting to a billion dollars or more, is raised by indirect taxation; that is, through tariffs, internal revenues, corporation taxes, income taxes, etc., all of which may be shifted to someone else except that portion of the income tax which is paid directly by the persons who are earning the annual incomes by their labor and which is, therefore, a tax upon industry. Corporation taxes, for example, become a part of the overhead charge of the operation of the corporation and the consumers of the product pay the tax. Tariff charges become a part of the cost of the article to the consumer; or they organize a wall for the elimination of competition so that home-made products can be made to bear the burden of the tariff charge as if they were imported subject to the tariff charge. The per capita distribution of the national tax according to the proposed budget in the present Congress is about \$12.50, or \$62.50 per

family of five persons. The full per capita tax in the United States is somewhat over \$30. 00 as an average, while in the large cities, where local taxation is heavy, it is \$50.00 or more. It is perfectly fair to consider this as a per capita tax, because the great mass of it is shifted over upon the final consumer of the products bearing the tax, or upon the renting resident of the property against which the smaller portion of the tax is assessed; for this consumer or lessor pays all the tax. The only tax that may not be so shifted are inheritance taxes, income taxes upon earned incomes, and the direct tax laid upon ground values occupied or used by the owners. The last man or woman, who has no scapegoat upon whom to thrust over the burden, pays the bill. Various forms of class exemptions add to this burden, for some source must be found for the revenues escaped by those inventions. Corporations in this State, Pennsylvania, for example, are taxed one-half of one per cent on their capital stock for State purposes; this becomes a part of the operating charge of the concerns. The railroads pay that fixed rate of taxation; their stockholders pay nothing on the values invested in that stock. But the neighbors of that railroad who are struggling to own homes, or who are paying rents for homes, are suffering a direct taxation drain of two per cent. or more out of their small earnings.

High rents, the excessive cost of the necessities of life, carry these burdens of taxation, and make a drain on the pockets of the workingman until the purchasing power of every dollar that he gets is decreased. It won't buy so much even of the common necessities of life, because so much of it is taken to pay another person's taxes that are shifted over on him through these agencies. The margin he ought to have as a return for his labor, after the necessities of life are paid for—the margin to be laid up for old age, emergencies, education of his children, something for the *home* beyond the merest necessities—is paid out in countless small ways for taxation.

This condition of affairs is patently illustrated wherever there is an increase of local taxation laid upon the local assessments. Then up go the rents of houses and of stores; and the storekeepers in turn have got to charge more for the goods they handle to pay the increased rents, and the manufacturers have to get more for their products to pay this increased overhead charge which comes to them in taxes or in rents. There is a little village of about two thousand inhabitants up in New York State where they have just completed a fine new school building at a cost of about \$70,000, for which bonds were sold. Now there must be provision made to meet the interest charges and the sinking fund demands of these bonds. There was all the jubilation of a holiday in that village a few weeks ago when the schoolhouse was dedicated and opened to the children; but almost immediately the new tax rate was made known and the landlords announced that rents would have to be increased because of the increased taxation. The workingmen who are paying those rents discovered that they were paying a disproportionate share

of the cost of that new school building; at least they discovered that the pressure was coming upon them, but it is questionable whether they have seen through the philosophy of it. At the same time that new school building is going to increase land values in the community, so that the open land will be held at a higher price and there will be fewer opportunities for those same workingmen to buy building lots at reasonable rates and attempt a little ownership on their own hook.

Increased necessity for national expenditures we are told demands higher tariffs, or a tax on coal or on gas, or automobiles, or iron products; but those are added to the cost of production and come out, in one way or the other, of the earnings of the workingmen who must make or consume these articles.

The municipal government has increasing demands upon it and the city fathers seek for various sources of new taxation, but the final source is the same, for there are only two places from which any tax can come, land values or industry, and any tax not laid on land values must come out of industry. The last man to consume the product pays it; and when this disproportionate share of taxation has been taken out of his wages or salary, he has no margin left for anything beyond the barest necessities of living. The average workingman with a wife and three children, living in the city, is paying about \$250. a year in taxes in all these subtle ways that drain him financially to the edge of constant necessity. When he goes forth to find a *home* with the money he has available, he discovers that somehow he has no freedom to choose. He must go where rents are cheapest, and in those places there are no *homes*: there are just places to burrow.

The question of the source of public revenues is already becoming acute in America, and from nation to small municipality, the makers of laws are looking around for new sources. The old springs are being drained almost beyond their power to yield. The home owner, the rent payer, the small business man, is being squeezed beyond his ability. All sorts of makeshift sources are devised, such as mercantile taxes, taxes on awnings, and taxes on "luxuries;" and we are approaching the struggle that the older nations of Europe have long faced to keep themselves alive as nations out of the earnings of their common people. "Luxuries" in some of those countries include salt and windows. The Netherlands is put to it just now to keep the peace in the midst of a group of belligerent neighbors; and in order to increase the national revenues a graduated tax is laid on the names given the babies. The first name gets a small tax, the second a larger one, and the third still a larger one. The Dutch babies born in these times of war will have to go through life with abbreviated handles. We haven't come quite to that pass yet; but we are taxing the babies, or the fathers and mothers for producing them, to the tune of fifty dollars apiece in this per capita tax method that prevails among us, despite the fact that each baby adds one thousand dollars to the national wealth.

All of this discussion so far is wrought out from the viewpoint of the money the working man has, which isn't very much; "one-third, perhaps one-half, of the families of wage earners employed in manufacturing and mining earn less than enough to keep them in comfort and decency, while the workers in the other basic industry of agriculture, generally speaking, never have any margin of finance after the barest necessities of life are paid for. "The monopoly of land and land values in farming lands, mines, oil and gas, transportation sites, and land for business or for home purposes is fostered by the present "method" of assessment and taxation, which puts the burden upon industry, rather than upon land values. That monopoly gives the holders power to control jobs and wages and permits idle land to be held out of occupancy for working or for living purposes, and develops dictatorial powers over rents. Now it must be understood that the term "rents" includes not only the money paid for the privilege of occupying a piece of ground and the house built on it for living purposes or for mercantile or manufacturing purposes. "Rents" means the excess income from a piece of ground over and above the least income it would produce for an occupant using the product entirely for his own sustenance. It means the large incomes drawn from the control of coal-bearing lands, gas-producing lands and the like, as well as the incomes produced from directly renting land for the purposes of residence or labor. Rent, therefore, becomes a tax, here including the taxation laid for public purposes, there including a monopolistic power of drawing money from industry and taxing it for the continuance of great incomes. There are 44 families in the United States with incomes of a million dollars a year, or more; these incomes are practically all derived from land monopoly. One has but to run over in a rapid mental survey the names of these families to remember how this one draws his wealth from large holdings of city property paying excellent percentages on its socialized valuation, or how that one draws its income from mines, or another one from railroad values that have been created by public demands, or still another one from oil producing lands.

The wealth of the United States is approximately 187 billions, of which over a hundred billions is in land values; but two per cent of the people of the United States own 60% of this wealth; 33% of the people own 35% of it, and 65% of the people own only 5% of it. In face of this unequal distribution, which primarily lies in the monopoly of land values, we have great percentages of those values held out of operation. There are a billion acres of land in this country which are not open to labor or occupancy. Forty-five per cent. of the farm lands of the nation are unimproved. But under the present "method" of assessment and taxation, if someone should improve these lands, plow them, gather their harvests, erect buildings upon them, in order that there may be more work or more food produced, a greater production of capital per annum, that person would be immediately taxed. These idle lands are now assessed at their lowest possible valuation because

they are unimproved, but the increase of population has increased the demand for places to live and places to work and the products of work, so that the owners of those lands can afford to hold them in unproductive capacity at the small degree of taxation they bear at prices prohibitive to the would-be-occupant, either for agriculture or manufacturing, or other productive purposes. It is rather silly to urge folks crowded into the city into a "back to the land" movement when, in view of their present lack of capital to start industry on a farm, they will be immediately penalized for the improvements they make on such idle land as they may be able to get hold of by putting a plow or a spade into the soil, either by taxation upon these improvements or by the growing rents that will pursue them.

There are acres of unused lands available for homes or industries in and about our cities, held out of use for the sake of the unearned increment. The values of those lands, which have been created by the public, help to make up the great mass of our national wealth, but it is wealth that is useless, no one is getting any value out of it except the owners who can afford to gamble with the future for the sake of the rapidly increasing, publicly created values. One lot in the city of Pittsburg, including an ordinary city block, was sold in 1831 for \$2,000. In 1901 it was sold for \$1,300,000. Its present assessed valuation is \$2,368,000. The present owner has held it fifteen years unoccupied, and has made \$1,000,000 by the transaction. Now the Pittsburg graded tax law has placed somewhat more of the burden of local taxation on such unproductive land, and he is finding it necessary to put an office building on this site. The same gentleman has about ten acres in the very business center of the city, where the community has created values to the extent of \$2,316,975. for those ten acres, yet he maintains improvements thereon valued at only \$12,500. He has another lot of about half a block in the educational center of the city which a generation ago was valued as farm land, but is now assessed at \$1,092,000; it contains no buildings whatsoever—yet we have a lack of homes, prohibitive rents, building lots held at outrageous prices, and all the evils of poor housing to contend with, as well as low wages and ordinarily more workers than jobs. A *real method* of taxation would make it unprofitable to hold all of that land out of use for the sake of the unearned increment; and it would be made to contribute to the general prosperity of the community.

If anyone would build up this idle land, he must pay prices that are exorbitant, either to own it or to rent it. Then when he has improved it this aforesaid "method" of assessment and taxation assails him and he is penalized. If he be a manufacturer or a merchant, he must get that penalty out of someone else, or it will swamp him; but industry is the only available source, and he follows the natural course of making it an overhead charge which must be considered along with wages. The accumulation of overhead charges brings these factors into conflict and he must reduce somewhere;



but taxes and rents won't suffer reduction. The monopoly has got him there. Wages constitute the least line of resistance, and inasmuch as there are more workers than jobs, he can keep them down to the minimum.

The result of these processes is the reduction of wages so that the workingman under consideration, whose dollars have small purchasing power, finds that he has but few dollars; for the general result of all of this process of holding land out of occupancy is to make fewer jobs in proportion to the number of workers, and when men have to compete for jobs, wages go down.

We have already indicated that the wealth of this nation is 187 billion dollars according to the estimate of 1912. It increased to that figure from 65 billion dollars in 1890, or 188% in 22 years; but in an almost parallel period (1889 to 1909) the aggregate income of the wage earners in manufacturing, mining and transportation increased only 95%, that is from 2516 millions to 4916 millions, and in that latter period the wage earners' share of the wealth produced in the nation actually decreased from 44.9% in 1889 to 40.2% in 1909.

The inequitable distribution of this vastly increased amount of wealth lies in the values of land which increase with the increase of population at the rate of a thousand dollars per capita. The rents from these values exhaust the production of wealth, and interest and wages go down while rents go up. This is an inescapable law. Through its operation there result such conditions as these: at least one third of the adult workingmen in America are earning not to exceed ten dollars a week; nearly two thirds of the families of workingmen have incomes of less than fifteen dollars a week; out of several hundred thousand workingmen's families, 37% of the women were forced into work to add to the family income, 30% of them resorting to taking boarders and lodgers into the "*homes*."

Under such conditions the purchasing power of the ordinary workingman and his family is reduced to the minimum. He is not of much help to the neighboring merchant for he can't buy much; but the merchant is subject to the increasing demands of rents and taxes in the communities where folk most do congregate, as well as to the decreasing purchasing power of his constituents. He too is crowded out in the process. Nor can this workingman, who gets the influence of the present method of taxation both coming and going, buy much in the way of a *home*.

No one can pay much more than a quarter of his income directly for rent; one week's income out of four is the limit. But here is this increasing number of families whose incomes are not more than ten dollars a week, and to whom a monthly rental of ten dollars is a heavy strain. As many more are limited to fifteen dollars a month by the limitation of income. The workingman's "*home*" then is bounded by figures like these; but ten dollars a month won't buy much of a home. It is limited to a few rooms in a tenement or to a shack in an alley, or on an impossible mud pile next door to a dump heap.

Well-intentioned folks are talking now of building workingmen's homes in the large cities "to relieve congestion." These homes are to be built by corporations to the stockholders of which a fair interest is promised. They find that they will have to get from \$14 to \$18 a month for these homes to secure that profit; the original cost of the land demanding so great an investment and the taxes constituting so great a drain upon the income. At fourteen dollars and more a month this plan doesn't reach the lower third of the population. They can't afford this philanthropic help.

Two or three rooms constitute a *home*. The foxes have burrows for their young; but where there are but three rooms the sons and daughters of men have not place to make a home.

A home for a family should be of not less than six rooms and a bath; that is, three rooms for living purposes and three sleeping rooms. These should have consideration for ventilation, sanitation and room for children to grow up. But ground rents and taxes stand in the way of such homes. If there be another room added to the proposed houses for workingmen, or if they be made private, or if too much attention be given to space for light and air, the present method of assessment and taxation operating both ways, in the high cost of ground rent and the increased direct taxation, squeezes more dollars out of the occupants; and the workingman and his family find them out of reach. A fifteen dollar rent means that wife and children must go to work to help pay it; a twenty dollar rent is prohibitive—yet that is the price of a home—and the workingman hasn't got the price. Hence to the great mass of people homes are luxuries. They must seek those old rookeries where unknown thousands burrow and where the net profits are greater to the owners as the masses become congested there; or the warrens that are built in alleys, or the deplorable shacks that stand where streets and sewers haven't yet gone. They go to live in little boxes arranged in tiers upon tiers three to five in a room; and one wonders at the pathetic persistence of the powerful human instinct that will still call these places "home." But one doesn't wonder at the death of babies in those places, or the degeneration of girls, or the destruction of boys, or that men seek the corner saloon to find the social spirit which home does not furnish, or the fading of the woman in body and soul who must strive to make homes out of dens.

So it seems that the "influence" contemplated by this subject is more than an influence. It is a blight. The present method of assessment and taxation doesn't influence workingmen's homes. It destroys them. It reduces the purchasing power of their dollars and it depletes the dollars; so that when the workingman comes to fulfil the primary purpose of working, the making of a home, he finds it out of his reach. Home has become a luxury which he can never obtain until the "present method of assessment and taxation" is changed from a tax on industry to a tax on land values, which will open up the first source of wealth, and labor can get to the land, so that

there will be more jobs and more income to the great mass of folk. The strain of taxation and rents will then be taken off the workingman and the man on a salary and the business man, and put on economic rent. A dollar earned will go farther, and there will be more dollars actually earned by industry and capital; the wealth produced in the country will go to more people; for the rent monopoly which gathers it in now will be destroyed. And homes will become possible instead of luxuries to be dreamed of.

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## AN OLD STORY RE-TOLD

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(For the Review)

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By R. T. SNEDECKER

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Rightness expresses of action what straightness does of lines,  
And there can no more be two kinds of right action,  
Than there can be two kinds of straight lines.—HERBERT SPENCER.

The gist of political economy is: "How to get a living." The science treats of the laws governing the production and distribution of wealth. It is the science on which all other arts, sciences and even civilization rests. For all nations that have ignored its just and affirmative laws have perished from the face of the earth. The law of retribution is as certain as the law of gravitation.

There are certain natural laws that govern the phenomena of vegetable, animal and civic life. There are certain lines of action that bring a dwarfed and stunted growth and early dissolution, while another line of action brings health, strength and happiness.

Justice is the keystone in the arch of any civilization. To ignore Justice is to invite the death and destruction of society. To follow her is to reach a higher civilization than was ever dreamed of by any human mind.

It is assumed here that all men have a natural right to the use of all the elements from which life is sustained; that each one is equally free to use the earth for the satisfaction of his wants, providing he allows others like liberty.

That when a man applies his labor to a piece of unused land and produces a bushel of corn or wheat, the corn and wheat belong to the producer.

This is not a question for society to settle, for he is the first man on earth. This bushel of corn or wheat would not be in existence had it not been for the labor of this man. In the grain are the elements from which life is sustained. To take it all from him, means starvation; to take a part of it, is to lower his standard of living.

Other men coming on earth would have the same equal right to the use of the land from which all their material wants must be supplied. The first