A SINGLE TAX ON LAND.

THIS proposition, which has been sustained with so much sincerity and ability by Mr. Henry George and his coadjutors, for the collection of all public revenue, both for national, State, and municipal purposes, by a single tax to be imposed upon the valuation of land, has attained a strong hold upon the minds of a considerable number of able and sensible men. Many of them are, however, persons who can hardly claim to have given much attention to the problem of taxation before this theory had been brought to their attention. This theory is apparently so simple, and would seem to be so effective in practice, that it appeals to the imagination, but it may not stand the test either of history or of logical analysis.

This plan is not new; it originated with the school of economists known as the Physiocrats of France, whose principal exponent was Quesnay, and whose theory in respect to land as the source of all value, and therefore a right subject for all taxation, was substantially brought into public notice by Turgot, the great finance minister of Louis XVI., whose fall preceded the French Revolution; it opened the way for some of the final abuses of power which led up to that great event which has worked so much both of evil and of good to humanity.

Turgot's theory, which Henry George now sustains in respect to land, continued to exert great influence after his fall, and greatly affected the legislation of the Republic, leading to some of the worst of the financial disasters of that period. Reference may be made to Leon Say's "Life of Turgot" and Blanqui's "History of Political Economy" for the records.
The consideration of this theory of taxation has been rendered more difficult at the present time by the manner in which it has been presented as a cure for poverty. Doubtless poverty may be aggravated, or in some special cases it may be caused by a bad method of taxation, but he who expects poverty to be cured by the organization of AntiPoverty Societies, coupled with a change in the method of taxation and a change in the conditional possession of land under the laws of the State, must inevitably be disappointed.

It is very difficult to follow the somewhat vague conceptions and the tortuous reasoning of the supporters of the single-tax theory, and they frequently object that what they intend to do is not comprehended. If they would present a legislative act for carrying the single tax into effect, these alleged misconceptions would disappear. Their prime object appears to be to force land into wider distribution by the weight of taxation, and at the same time to relieve the people from a part of the weight of taxation by putting all taxes upon land or upon what they call the site value of land. This sounds a little like adding to the burden in order to lighten the weight, but it may be admitted that some heavy loads can be borne when rightly distributed better than lighter loads can be when concentrated in the wrong place. If, however, all people possess all land under the new conditions of possession suggested by Mr. George and his coadjutors, then all people who possess the land must contribute their portion of all taxes. But taxes cannot be derived from land without work. Raw land may support a vagrant and sparse population of hunters or shepherds, but true civilization could have no existence until land began to be fenced in and held in possession, because the product of the soil necessary to subsistence is a product of work, and land must be fenced in and occupied in order that it can be worked, and must be permanently possessed in order that it may continue to be productively worked.

Taxation means work; the method of taxation is only a method of distributing the products of work. This work may be work of the head, of the hand, or of the machine, or of all combined. It is measured when in the process of distribution in terms of money, but the money itself stands for work or is derived from work. Wages, profits, salaries, rents, and also taxes are alike derived from the annual product of the four seasons, constituting the result of a year's work of the whole community. In this respect it matters not where the tax may be imposed in the first instance, somebody must work in order that the products may be brought forth from the mine, the forest, the field, or the factory, of which the tax constitutes a part. The work of government is as much a part of the work of the community as any other. In this work men, women,
and boys are employed, from the President of the nation to the page in the House of Congress, including all the officials in the custom-houses, courts, post-offices, and the like. These public servants must be supplied with shelter, food, and clothing, and in order to supply them others must work in the production of buildings, grain, meat, fibres, and factories, from which the taxes are paid. In the city the mayor, the common council, the firemen, the police, and the women who scrub the floors of the public buildings must be supplied with shelter, food, and clothing, and those who pay the city taxes do the work which is necessary to furnish this supply. The main question at issue must therefore be limited to one principal point. At what point, on what product, in what place, on what subject, or on what process of work, mental, mechanical, or manual, that can be taxed, ought the taxes to be placed in the first instance? How can the taxes be imposed so that the money shall be secured with the least injurious effect upon the occupations of the people, and so that the burden of taxation shall be most equitably distributed among those who must do the work, mental, manual, or mechanical, from the product of which these taxes are derived? How shall taxes be assessed so as to be in proportion to the ability of those upon whom they fall in the first instance to pay them? When this view of taxation as a mode of work is presented, a wide field is opened for the choice of subjects for taxation.

As nearly as the figures of our national and State accounts enable us to make a computation, the sum of all our taxes—national, State, and municipal—comes to about six percent of the value of our annual product in a normal year, this annual product being valued at the point of ultimate consumption; conversely, six percent of all our work, or about that percentage, is and must be devoted to the support of government, since the value of the annual product is the measure in money of the work that has been done by the whole community of which the work of government is a part.

It will doubtless be admitted by all competent persons that the taxes should be imposed so as not to impair the productive power of the community as a whole. In what does this productive power consist? May it not be held that it is divided into three parts, representing different directions of mental, mechanical, or manual force?

Does it not consist, first, in mental capacity; that is to say, in the capacity of those who by way of invention, by the application of science, or in some other way of applying the work of the head rather than the hand to the conduct of the work of society—save the community a large part of the mechanical work and manual work which had been necessary, or which would otherwise be necessary were it not for the application of
this mental factor in production? Is not the mind of man the prime motor in all material production?

Does it not consist, second, in the direction or application of the natural or mechanical forces either in the primary, secondary, or subsequent processes of material production under the control of skilled workmen, tending to the saving of a great part of the manual work or labor previously required? As the mind of man is the prime factor, is not skill the equally necessary secondary factor?

Is not the third application of force that of mere manual labor or work of the muscle rather than that of the mind to the primary and crude processes of production?

If these three phases of productive energy be considered in ratio to their relative effect upon the joint product, does it not become evident at once that those who occupy the third position or lowest plane, although most numerous, will be capable of producing the least quantity of exchangeable products in ratio to the quantity of work, labor, or time which each may devote to a specific branch of industry? Is it not also evident that those who are in the second and third classes, or in the various gradations by which one class merges into the other, may obtain results or products of greater and greater value somewhat in inverse proportion to the mere manual or physical effort or to the time which each may devote to his respective branch of work? Does it not follow that those who are capable of taking position in the higher planes may in a few hours' work produce vastly more than is required for their own subsistence, while those in the lowest plane may only be capable in long hours of work of producing enough for a bare subsistence? If then, heavy taxes should be imposed upon those who occupy the lowest plane, taking from them by taxation a part of that meagre product which is necessary even to their bare subsistence, that system of taxation might reduce them from poverty to pauperism.

On the other hand, if the same amount of taxation should be imposed, in the first instance, upon those who are in the higher planes, all of whom produce much more than is necessary for their own subsistence, may not such taxes only take from them a small part of that which they can spare without in any way affecting their productive ability or diminishing their necessary consumption, either of their own products or what their own products can be exchanged for? Does it not then follow that taxes should be imposed as nearly as may be in ratio to the productive capacity of those upon whom the taxes are assessed, sparing as much as possible those whose productive capacity barely suffices for their own support or taking from them by way
of taxation only such products as are not necessary to subsistence but are more or less of voluntary use, such as whiskey, tobacco, and beer?

There is no charity in such a view of taxation; it is consistent with the keenest business sagacity. The burden upon the members of the community who can pay and who must pay will be greatly increased if taxes are so imposed that those who have been poor but yet have been self-sustaining, should be forced to become paupers either by heavy taxes on the necessaries of life or on the land of which all must occupy a part.

It should be remembered that there can be no great elasticity in that part of our taxation which is absolutely required to meet the necessary expenses of the government. It varies with the duties or functions imposed upon the government. I have said that our present taxes come to about six percent of the value of our entire product, but there is no absolute basis for this computation. In 1880, I think, the rate was considerably higher. There is, however, a certain sum, whatever it may be, that must be devoted to the support of the government every year, even though the product of one year may vary very greatly from another. It has been very truly said that "there is nothing sure but death and taxes." Now if some persons produce much more than they can consume, while others produce barely enough, then it follows that if the assessment of the necessary sum of taxation is not put in the first instance upon those whose productive capacity is the greatest, then it must fall upon those whose productive capacity is the least: this view leads again to the expediency of putting the taxes where they can be most easily collected without injury to productive capacity; that is, upon those classes who possess the greatest productive capacity either in the possession or use of land; in the possession or use of capital; or in the mental power or skill which enables them to render large services for which they may receive large compensation. In this view of the matter, an income-tax would be the surest measure of the productive capacity either of the man himself, or of the land, capital, or skill with which he may be endowed, consequently an income tax might be the ideal tax, were it not for certain practical difficulties which forbid it being the chief source of revenue. A succession-tax—that is to say, a tax levied upon bequests of property—might also be one of the most feasible and judicious sources of revenue, and why such a tax has not been more deeply considered and more commonly adopted in this country, is one of the difficult questions to answer.

On the other hand, may not a tax limited wholly to land valuation be as far removed from a tax assessed in proportion to the productive capacity of a community as can
well be conceived? Raw land of itself produces nothing more than might suffice for the support of a vagrant population of hunters or shepherds. The productive capacity of a man is neither measured by the land which he owns or occupies. It is measured by what he can do for other men better than they can do it for themselves, whether by the use of mind, muscle, machinery, or land, and by that measure his income will be greater or less. Neither is a man paid in proportion to the land occupied in his work, nor for the quantity of the physical effort which he puts into his work; neither is he paid by others according to his own estimate of the service which he renders to them; he is paid, or he earns income according to the estimate of those whom he serves, of the labor or work which he saves them from doing, which they would otherwise be obliged to do for themselves if they tried to serve themselves in the same way. A man's income is therefore measured by his capacity to save other people a part of the struggle for existence, and since there is no compulsory service and no compulsory payment either of wages, profits, or rent, in this country, each man can be said in the long run to fix for himself the rate of his own wages, his own earnings, or his own rents, by the amount of capacity or capital which he puts at the service of those who pay him for the use of his land, capital, head, or hands.

If then, we could tax men exactly in proportion to their productive ability or capacity, we might reach and secure a share of the annual product of the community in an equitable manner, while at the same time taxing it at a point where the tax would limit further production or draw upon the necessary subsistence of the community in the least measure.

The answer to this proposition by the advocates of the single-tax system may be, that a great many men are forced to devote a large share of their work, or to pay others a great deal of money without getting any adequate return from them, because some men own or control the land while others have none; it being held by them that any payment of rent for land is not conditioned upon service. It is held that men who hold land under the present conditions of possession do not earn the rent upon land, and that rent is paid simply because some men own or control the land while others have none; therefore, it is held that rent may be something that is not rightly due or that is not equitably earned.

At this point the difference begins in respect to the true source of production from land which must control the true science of taxation. It will be admitted that all material productions are derived in the first instance from the land, the forest or the mine, with the slight exception of products gathered from the sea. The sea is not
divided or owned to any great extent,—only the waters near the shore. All are free to derive their food from the sea outside a narrow shore line, if they choose to do so. Land is, however, the main source of crude products; but these crude products must be converted and re-converted and must be wholly changed from their primary form before they are ready for ultimate consumption. More value can be, and is, added to these crude products by those who do not work directly upon the land than by those who work directly upon it in the primary processes. Therefore land must be considered as of the same nature as all other instruments of production, effective only in ratio to the work put into or upon it.

There is a fallacy even in attributing all crude products to land only. Land soon fails in its inherent properties or power of primary production and will in a very short term of years fail to sustain any considerable population. It will only yield a permanent product in ratio to what is put into it. What is put into it is capital and this capital is applied with more or less labor. Capital in a material form is a product of past labor saved and converted to reproductive use by the service of those who do the present work. Land, labor, and capital must therefore of necessity cooperate in order that either may be of adequate service in the subsistence of mankind. Both land and capital are inert without the service of labor, and labor is also incapable of abundant product without capital or land. A tax upon land which might restrict its use or upon capital which might impair it in amount and render its service less effectual, would therefore ultimately fall most oppressively upon labor which cannot wait. In respect to rents it is admitted that the money that is derived from the sale of the crude products of the forest, the soil, and the mine, is divided among those who do the actual work and those who own or hold conditional possession of the soil, the forest, and the mine under existing laws. This share which those who possess the land now receive in the form of rent is what is aimed at by the advocates of the single-tax system upon the theory that private rent can be converted into public taxes. It is held by them that if this rent could be secured by taxation under the new system of the conditional possession of land proposed by Mr. George and his associates, then this rent would suffice to meet all the expenses of government, and that those who now subsist upon these rents would then be compelled to go to work for their living, if they were not already working. That is to say, they hold that if rents or rental value could be diverted from private to public use, the burden of taxation which would become a substitute for the burden of rent would be so much derived directly from land and that it could not be distributed; therefore it is affirmed that those who now subsist upon rent would be obliged to work, and those who now pay the rent and taxes would save one or the other, and would have more leisure and more to spend upon themselves for other
When the subject is presented in this way the main questions are at once brought out:

1st. Does land produce any product available for rent or taxes without work?

2d. Are land and labor in the limited sense in which the word labor is commonly used to designate the manual, mechanical work of the person who applies physical force or manual labor directly upon the land, the only factors in the primary production of the crude products of the soil?

Or, in other words, if all land were either held in common or in severalty, free from private possession and free from rent but subject to a single tax, would labor when in possession of land but without capital be capable of sustaining a community? The advocates of the single-tax system, and Mr. George himself would immediately answer this question in the negative. They admit that the possession of land and the application of capital to it by private persons under certain conditions established by law, are an absolute necessity to abundant production, and that both capital and labor must be applied to land and are therefore necessary even to the collection of the single tax which may be put upon land. What is the limit of the production from land unless capital is applied to it? It needs but a moment's reflection to prove that land and labor without capital would be wholly incapable of sustaining a civilized community; it matters not whether the capital be only a rude hoe or a pointed stick with a handle to it, to be used for a plow; or a steam plow and a self-binding reaper. Some kind of capital must be placed at the service of man, or else the laborer himself could barely subsist even on the best land. Has it not been proved conclusively by experience that in proportion to the quantity and effectiveness of the capital applied to land is the quantity of labor diminished and the quantity of product increased? Is it not also true that as the quantity of crude products derived from the soil is increased by the application of capital and the adoption of improved machinery, the more abundant production gives the workman of the present day a wider opportunity and a better subsistence in the struggle for existence than he ever had before?

Again, if land without capital is almost useless and incapable of production, then a tax on productive land is undoubtedly a tax on the capital and labor applied to it.

The contention of Henry George and his coadjutors is, that since production comes in the first instance from land, all people should have some share in all land; but since
land and labor by themselves are incapable of abundant production without capital, does it not follow of necessity that all who have a share in all land must of necessity also have some share in all capital? Otherwise of what use would the land be to them? What is this but Socialism or Communism if brought into effect by legislation?

Conversely, does it not follow that if private property in capital or in things already produced from the soil, the mine or the forest, is admitted to be necessary to the use of land, then private property in land under similar conditions must also be admitted to be necessary to the use of capital upon it; first, in order that there may be an abundant product, yielding a surplus to be saved for conversion into capital, and second, in order that this capital may be applied to reproductive purposes upon the land?

The institution of private property in land and things has been developed not only because it is necessary to the subsistence of those who own the land and capital, but in order to make it possible that the laborer should exist at all. The term own is relative; there is no absolute private property or ownership either in land or capital; both are held in conditional possession subject to all that is implied in the power of the State to exert its right of eminent domain. All that Henry George and his associates have as yet proposed is a change in the terms of the conditional possession of land; they have not suggested Communism or Socialism, although their theory might lead to that conclusion if carried into effect.

If there is any truth in the considerations which have been presented, the proposal to secure all public revenues from a single tax on land does not rest upon any abstract principle of right. In fact it would be difficult to prove that any fundamental principle of taxation has yet been established which can be said to form part of a science which can be applied in all times and all places, and to all conditions alike. In the present state of our knowledge it is almost a necessity that the method of taxation should be treated almost wholly as a question of expediency, and on general principles it is not expedient to put a tax where it will obstruct production.

It is therefore in the first place expedient to consider the conditions under which capital may be voluntarily applied to land, since no compulsion is possible in the nature of the case.

With respect to farm land, no one will improve, fence, or drain it, or erect farm buildings, unless he can obtain permanent possession under some sort of title of an individual kind, such as would warrant him in exerting his labor and expending his
capital with a view to future results. What is the present cause of the poverty of the agricultural laborer in Great Britain and Ireland except that he has been debarred from the possession of land under permanent conditions, either by custom or by a bad system of land tenure?

Again, will any man construct an expensive building upon a city lot or a costly factory by the side of a stream, unless he can be sure of the permanent possession of the land on which he invests his capital? If land is not improved, that is, if capital is not applied to its improvement, its quality cannot be maintained and erelong it will cease to yield any adequate return to the labor which is put upon it. When it ceases to yield any adequate product will it not then cease to bear any valuation upon which the taxes can be assessed? Could it then be assessed at a rental value or a site value, or could the taxes be collected if the product failed to yield any thing above a meagre subsistence to the squatters upon it? Does it not then follow that land is a mere instrument or tool of production, and that it cannot be made a possible source of rent or taxes, except in proportion, not to the labor or capital, but to the labor and capital which may be applied to its cultivation and use?

A city lot possesses even less inherent value than a farm; a farm may possibly yield something for the subsistence of labor even without capital, but a city lot from which the loam has been taken and which is hardly big enough to feed a rabbit upon if planted in clover, can produce neither rent, profit, nor income, except in proportion to the capital which may be expended upon it.

True, both farms and city lots may be the subject of purchase or sale, but the price that is paid is not paid for any permanent value or any inherent power in the land simply as land to yield either rent or taxes; it is paid for the choice of position. The capitalist will pay a high price for a city lot in order to have an opportunity to put expensive buildings upon it which may be used as instrumentalities either of production or distribution. The capitalist who pays the highest price for the choice of the highest-priced city lots does so because at that place the community can be served at the least cost—for the reason that these lots are in the most convenient situation for the community to reach in order to buy their goods. The price is paid for the choice of land.

It will be alleged in rejoinder that the high price which may be paid for the choice of position is due to the growth of society, and that any gain which one may make by holding these lots until society settles around them is the so-called " unearned
increment." It is admitted that it sometimes happens that a man who holds a vacant lot for a long period may secure a large profit, and the profit which he derives is not due to any work which he himself puts into the lot, but to the growth of society about it. This "unearned increment" has been greatly exaggerated, and is very largely a matter of the imagination; but whether it is or not, it is evident that if the possessor under the present condition of our laws has no right to any sum this "unearned increment" may produce, then he has no right to secure a profit on any thing due to the lapse of time. There is no difference between this "unearned increment" upon a city lot or farm and the "unearned increment" on a share of railroad or of factory stock, or a ton of wheat, or any other product of the land. A man who buys a share in an unfinished railway, and keeps it until the growth of towns along the line raises the price of the stock, has as much right to that advance in price, and no more, than the man who had the foresight to buy a city lot at the risk that even interest and the present taxes might deprive him of any ultimate profit. Men often build factories in advance of the demand; presently the growth of the population increases the demand for the fabrics; then follows a rise in the price, due either to greater consumption or to the increase of population. Has he no right to the increased value of the goods made in the factory, because it is due to the increase in population? Or a man buys at a low price a lot of wheat, foreseeing or hoping to get a higher price in the future; if he is wrong there is an unrequited decrement which society has not yet proposed to take upon itself; if he is right in his exercise of his own judgment and foresight he gains; to whom does that gain belong?

If, then, land is like every other tool or instrument of production, in being capable of yielding product only in ratio to the labor and capital applied to it, it must be considered like any other instrument of production as only one of the sources of the annual product to which value is imparted in the process of exchange by the joint work of all who take any part either in production or distribution, whether they be laborers or capitalists.

If this be admitted, it then becomes expedient to explore the subject a little further and to find out what part of the ultimate value of all products has been derived from land considered as the source of primary production. Of course it will be admitted that there can be no material work done except by men who plant their feet upon the soil somewhere. Every man must have a position on the soil somewhere, whereon to rest the lever with which he moves the natural forces towards the subsistence of man; but the contribution of the different classes of men to the ultimate value of the annual product at the point of final consumption may almost be held to be in inverse
proportion to the quantity of land occupied. For instance, it requires from six to eight thousand acres of land and about one thousand laborers to produce about five thousand bales of cotton in a season, at the present meagre proportion of product per hand and per acre. But that five thousand bales of cotton may be doubled or trebled in value, and brought from the crude condition in which it is unfit for use into the finished fabric suitable for clothing, in a factory which covers but a fraction of an acre of land.

Again, a man may be occupying an attic ten feet square in the upper story of a city building, by whose work the future capacity of that factory may be doubled. It is not many years since I paid a visit to such a man, working in a miserable attic in a cheap city building, by whose invention the productive capacity of every boot-maker in New England was more than doubled. He was the first inventor of sewing-machines in which a waxed thread could be used.

A part of what the government needs, and must secure by way of taxation, may be six percent of the cotton fabrics made in the factory, such fabrics to be used in clothing the government employes. The science of taxation will therefore consist either in putting a tax upon the field where the cotton is raised or on the site where the factory is built, i.e., on the land applied to cotton and cotton fabrics. This is the policy advocated by Mr. George and his coadjutors; otherwise a tax may be put upon the goods delivered from the factory, or on the cotton in the bale, or on the warehouses where the goods are stored or from whence they are distributed, or on the railways that move both cotton and goods, or upon the property and incomes of the owners of field and factory and railway. Another way to secure money for the government is to put up the taxes upon some other products which are consumed by those who raise cotton or make cotton goods, such as whiskey, sugar, tobacco, beer, and silks, and fancy goods, and other articles, all of which the workmen upon the cotton plantations and the workmen in the factories may or must consume. Another way to secure the necessary revenue for the government is to put a tax for local purposes upon the value of the cotton plantation, upon the value of the cotton factory, and upon the value of the warehouses where the products are distributed, according to their respective place and value. Which of these taxes would be most likely to obstruct the production of the cotton farm or of the cotton factory? Therein lies the whole question of equitable taxation. At what point and in what place can the national and State governments secure from the cotton industry, or from any other branch of production, that part of the supply of cotton goods, food, or other products that the employes of the government must have in order that they may be subsisted? When viewed in this light
it becomes apparent that the productive capacity of those who work upon the cotton field barely suffices for their own support, while the productive capacity of those who own or operate the railways by which the cotton bale is moved or produced from the field to the factory, suffices for the support of the railway owners, railway employes, and also, when unobstructed by meddlesome statutes, may or does yield a large surplus over, which may rightly be subjected to a tax. It may appear that the only thing that can be taken from the laborers on the cotton fields, without injury to their productive capacity, may be a part of the whiskey and tobacco which they consume; it may be that those who work in the factory barely earn a subsistence, and that what can best be spared by them would be a part of the silk, ribbons, and fancy goods, or the whiskey, beer, and tobacco which they consume, if by taxation these things cost more, and are therefore consumed less.

Lastly, it may appear that a well-conducted factory in which large capital and a small quantity of labor are directed towards the production or conversion of cotton into cotton fabrics, or of wheat into flour, or of iron and steel into machinery,—may yield subsistence to all the operatives and also furnish an income for the owners more than sufficient for their subsistence. Therefore that property in the cotton factory or in the machine-shop or warehouse might, as a whole, and not simply the land only, be a just and expedient subject for local taxation.

It may be assumed that since the consumption of whiskey, beer, and tobacco in this country is fully equal to the entire sum of all taxes, both national, State, and municipal, it may be both just and expedient to tax these articles which are of voluntary and not necessary use, to the fullest extent, since both workmen, artisans, landlords and tenants, clerks, and owners of capital, will all be as capable of productive energy and even more capable of effective service, the less these articles are consumed by them.

If then, the productive capacity of man is, and may be in inverse proportion to the quantity of land held or occupied by him, does it not follow that while land may be an expedient subject for a part of the taxation it may not be rightly subjected to all taxes under the singletax system, without the danger of very grave injury to the whole people? Moreover, if land were thus made subject to a single tax sufficient to meet the expenditures, it might be a great injustice to collect this tax from those who hold land according to its present value, and if such an attempt were made it would probably limit or reduce the conditional possession of the land to a few large capitalists rather than to bring about a wider distribution of land among the less prosperous classes.
Again, if the single-tax system is sound in principle, it should of course be made the single source of all public revenue,—including both national, State, and municipal taxes,—and it should then be applied to all land, farm land as well as city lots. There can be no variation in the application of a principle of taxation, but when a method of taxation is treated upon the ground of expediency, a different rule perhaps might be applied to farm land and city property; into that branch of the subject there is no reason to enter in this treatise.

If the advocates of the single-tax system had been farmers, holding the average amount of land and working their holdings year by year in order to gain a subsistence for their families and to sell a sufficient amount of the product of their farms to enable them to buy clothing, groceries, and to pay even their present local taxes, the promoters of this theory would more fully comprehend than they do now how difficult it is for the average farmer to set aside even money enough to pay the present taxes, which constitute only a part of the revenues required by the State, county or town, and which do not include any contribution whatever to the equal need of the national government. They might then realize that the source from which this money is derived is not the land itself; they would then become aware that the product of the land, especially in Massachusetts, is not due to any inherent fertility in the soil, but is due in part to the capital put into the soil in fertilizers; in part to the capital applied to the soil in machinery and tools, but mainly to the very hard work of the head and labor of the hands which is put into the processes of production by the farmer and his men who drive the plows and direct the motions of the farming tools and machinery, to say nothing of his wife and daughters who do the work of the kitchen or the dairy and supervise the hen-yards. The advocates of the single-tax system might then become aware in a practical way, if they never knew it before, that land by itself has no power of production and no power of subsisting any one except hunters or Digger Indians who live upon wild roots. They might then discover that a tax on land must be paid by work, and that it would be only a tax on work disguised under a specious fallacy.

Let us suppose, however, that the single-tax system had been adopted, and that the farmer must pay by a single tax on land not only the taxes now assessed upon his farm and buildings, which now in part support the local government, but also all the rest of the taxes for the support of the State and municipal government, such as the taxes that are now assessed upon the railways, upon banks, insurance companies, and all other kinds of property—all of these must then be paid by the land. The farmer, having then earned this sum in addition to his present taxes, and set aside enough for the county,
State, or town, will then find out that the requisitions of the national government are as great as those of the States and towns. He may then discover that although the expenses of the national government might be somewhat diminished yet even when reduced to the lowest terms the amount of the national taxes is equal to the local taxes. The national government now requires for the civil department: 1st, legislative, executive, judicial, and foreign expenditures, and for the construction and maintenance of public works, not less than $61,000,000 each year; 2d, for the naval establishment, including the construction of a navy, even of a very moderate and limited sort, not less than $20,000,000; 3d, for the military establishment, including very moderate provision for fortifications and public works of that sort, not less than $39,000,000; 4th, for the interest on the public debt, at the present time at least, $40,000,000, therefore omitting pensions and the sinking fund (and assuming what is the fact that all miscellaneous expenses are met from miscellaneous permanent receipts, such as the sale of the public lands, receipts from consular fees, and the like), yet the necessary revenues required by the national government to meet the ordinary expenses reduced to the lowest terms would not be less than $160,000,000. In addition to this, until the public debt is all paid, the requirements of the existing law in respect to the sinking fund increase rather than diminish, calling for not less than $50,000,000, while the sum required for pensions is over $80,000,000 a year; for current annual pensions, about $50,000,000; for arrears, about $30,000,000; the national revenue absolutely required therefore amounts to about $290,000,000. Therefore the annual contribution of the people to the support of the government and to the debt and pensions must be at least equal to the sum now assessed upon property for the support of State and municipal corporations which does not exceed that sum. Exact comparison cannot be made, because the data of local taxation are not as perfect as they might be. This absolutely necessary expenditure of the national government is now met in considerable part by duties and internal taxes which are assessed upon articles of more or less voluntary use, so that any man who does not choose to contribute may, by giving up the consumption of a few things which he can do without (and perhaps be the better for doing so), put his part of the national expenses upon those who choose to pay for it.

At the present rate of income, the national government secures year by year a little over $100,000,000 from intoxicants—that is from the taxes or duties upon distilled spirits, wines, and beer; from tobacco, $40,000,000; from sugar and molasses, $52,000,000; from manufactures of silk, $16,000,000; from fine linens, over $5,000,000; from laces, embroideries, and fine fabrics, which are of the nature of luxuries rather than necessities, made of cotton and worsted, from $17,000,000 to
$20,000,000; from furs, fancy goods, fruits, sardines, and other articles of like kind, about $20,000,000. The sum of the national taxes imposed upon articles which may be considered luxuries, or articles of voluntary use rather than necessities, comes to $250,000,000, which contribution, is more than sufficient to pay all the necessary expenses of the government and the sinking-fund and nearly all the current annual pensions, the remainder of the pensions being collected from other duties than those enumerated above. When the debt and pensions are paid, the government will be able to spare all the taxes now derived from tobacco and sugar, and these war taxes may rightly be abated when the financial burden of the war is lifted by the payment of the debt and pensions, if not before.

Now if the question were put to the farmer whether he would prefer to be assessed by a single tax upon his land, or to contribute his proportion by a tax on his glass of whiskey or beer, even on his sugar and molasses, or by way of the laces and ribbons which his wife and daughters buy for their Sunday clothes and bonnets, it is probable that he would not hesitate long in which way to make his contribution to the national expenses. In fact, there are very sound reasons why it is expedient that the national revenue should be in some part collected by indirect taxation, and should be imposed mainly upon articles of common even though not of necessary use, so that the ratio of the national taxes should be more nearly in proportion to the population than to the valuation on property. This system of indirect national taxation, which may be paid about per capita, may be justified, because the function of the national government is rather to give protection to the people of the whole United States than to the property of the several inhabitants of the particular States, which is fully protected under State laws. Moreover, if the national government elects by vote of the people to collect this revenue, and to maintain custom-houses for enforcing this system of taxation, this method is not inconsistent with the true principle of free trade, as alleged by Mr. Henry George. Custom-houses may be maintained for the single purpose of collecting the revenue, without any conflict with the theory that foreign commerce should be free from taxation imposed for purposes of private gain. In fact, if the government is to collect any part of its revenue by an excise on spirits, beer, and tobacco, it becomes absolutely necessary to maintain custom-houses in order to tax imported wine, beer, and tobacco in the same way. Hence even the most bigoted free trader may justify customhouses for the purpose of securing a revenue from specific articles.

Again, let it be supposed that the taxes are to be put on land, including farm land, does it not follow at once that the man who possesses land and labor supplemented by insufficient capital may become unable to get such a product from farm land as would
enable him to subsist and pay his taxes? What would of necessity ensue? Would it not be that under this system, land would fall more and more into the possession of great capitalists, who, by the application and use of machinery, fertilizers, and other improved methods, might be able so to increase the gross product of a given area of land as to enable them to pay wages to those who are now independent farmers, and in addition to secure from the land such product as might enable them to meet the taxes? This course might perhaps be justified as the right method of getting the largest amount of product from land in ratio to the labor put into it, but the justification of this course runs in exactly the opposite way to that upon which the single-tax system is sustained. It would tend to concentrate the land in the hands of a few capitalists rather than to increase the number of small farmers or of small holders of land under the new conditions, or to cause land to become more widely scattered among a greater number of people. In other words, the small owners or possessors of land, who may, by their indomitable industry, now get a subsistence from it, and gradually become possessed of capital requisite for the increase of its product, might be crushed by the additional burden of the single tax. Increase the burden of taxation upon the small farmer and it may happen, and it probably would, that the greater part of the land would be taxed out of his possession, instead of the number of independent farmers being increased.

Again, if we take city lots as an example, and suppose them to be subject to the single-tax system, we are led inevitably to the same conclusion, to wit: that the single-tax system would tend to concentrate the possession of city lots or land in very few hands, and would ereelong convert all small owners into tenants—the very reverse of what has been aimed at by the promoters of the system. This subject can be illustrated by an examination of the present condition of the city of Boston, and by comparing the taxes as they now are with what they would be if the single-tax system were adopted.

The sum required for the annual expenses of the city of Boston is a little under $12,000,000. Of this sum $10,000,000 is directly assessed upon property within the city. The remainder is derived from taxes upon corporations, savings-banks, and the like, collected by the State and distributed among the cities and towns. The total value of the property within the city, as given by Mr. Thomas Hills, Principal Assessor, under whom the present system of assessment has been developed in the most perfect manner, was in 1888, $764,000,000—divided as follows: valuation of land, $333,000,000. The valuation of buildings $230,000,000, and the valuation of personal property, aside from that which is taxed through the State, a little under $201,000,000. The direct tax upon property, as now assessed, on land, buildings, and personal estate
has been at the rate of about $13.50 per $1,000 in recent years. The debt of the city is kept nearly at the maximum permitted by law, and there are few who do not think that some of the expenditures for which money is borrowed might not well be included in the estimate of taxes. If, however, the revenues which are now required, aside from the debt, were raised by a single tax on land, the rate of taxation would rise from $13.50 per $1,000 and would be not less than $35 per $1,000, for city, county, and State purposes only. The population of the city is in round figures 400,000, their share of the national tax averaged per capita comes to a little within $2,500,000. If this national tax were assessed by a single tax on land, the amount which would be assessed in Boston would be vastly increased. What the ratio of the value of the real estate in Boston to the total value of real estate assessed throughout the country at the present time may be it is impossible to say. In 1880, the valuation in Boston of land and buildings was three and one third percent of the total valuation of land and buildings throughout the United States assessed for the purposes of local taxation. The population of Boston at that time was only three quarters of one percent of the total population of the United States. Such might be the ratios in many other cities. Assuming the same ratios to hold at the present day, and that Boston should be called upon to pay its share of the national expenses assessed by a single tax on land, and that Boston land bears the same ratio to the valuation of the United States that it did in 1880, her proportion of the present national revenue would be $12,000,000 in place of $2,500,000; raising the rate of assessment under the single-tax system to over $70 per thousand—$35, or one half, for State and municipal expenditures, and $35, or one half, for national expenditures. What effect would a tax of seven percent upon the present valuation of property have upon its future market valuation, or upon its rental value which must be determined for the purpose of being subjected to the single tax? Would not such an assessment instantly deprive land of a large part, if not of the whole of its market or salable value? To this the advocates of the single-tax system may assent and may affirm that this is the conclusion which they desire to reach. They may then hold that any person who desires to become possessed of a piece of land might then do so without paying out any considerable sum of money for the purpose of primary possession. But what would be the conditions? Anyone might perhaps become the conditional possessor of a piece of land with little or no cost at the outset, but it would only be on condition that before he himself could get any benefit out of it he must make use of it in such a way as to be able to pay a sum equal to seven percent of its present valuation, before being able to set aside any part of the product of the land for his own use. Or, put it in another way, let it be assumed that the people of Boston or any other city 400,000 in number were subjected to the payment of a tax of $24,000,000,—$12,000,000 for State and municipal purposes, and $12,000,000 for
national,—that comes to $60 per head, or $300 a year for each family of five persons. Under these conditions any one who might choose could become entitled to a piece of land previously unoccupied in Boston, free of cost for purchase, but subject to the condition that he and his family numbering five persons should earn by the use of that land $300 per year, to be devoted to the first lien of the State and nation; i. e., to the single tax, before setting aside any thing from their work for shelter, clothing, or subsistence. Under these conditions what benefit would the conditional possession of land under the single-tax system be to the poor man? Could any one but large capitalists afford to accept even a gift of land under such conditions? Would not the tendency of these conditions be to depopulate the peninsula of Boston, and to concentrate the land in fewer hands than possess it at the present time under the present conditions?

Again, suppose that this did depopulate Boston and other cities: and did tend to the diffusion of population, would not the burden of taxation go with them to other land which they would then occupy? Wherever they might find an abiding-place, there the single tax on land would extend over the land which they might occupy, because the growth of society adds the unearned increment to the site value of land according to their own theory, and the tax would go with the site or rental value.

Or again, let it be assumed that the same people would remain in Boston, that some one would accept the possession of land under the new conditions, and that it would either cost them nothing, or that it would cost them but a small part of the present valuation in order to obtain such possession; how would the single tax of $24,000,000 then be assessed? There would either be no valuation of land to serve as a guide for assessment, or else there would be a valuation very much less than the present, while there would be no change in the burden or amount of taxation, therefore if the valuation went down the rate would go up. Advocates of the single-tax system say that the site value or rental value of each lot would remain, owing to the existence of a dense population and the necessity for the use of such lots, even though the cash or money valuation had disappeared wholly or in part. Who would then determine the site value or rental value of each lot, and in what way would the title be vested in those by whom capital must be spent upon the land in order that it may be of any productive use whatever? Would it not become necessary for the city itself to enter into contracts for taxation upon the site value or the rental value at a fixed rate for long terms of years? Who would occupy land or spend any capital upon it if subjected to such a heavy burden, unless under a permanent agreement or bargain, which would simply be holding under a lease from the State or city? What would that be but a
continuance of the worst form of land tenure—the possession of land under a perpetual ground-rent?

These are simple and practical questions. The sum of all taxation required for national, State, and municipal purposes in the United States is not far from $700,000,000; if that whole sum is to be raised by a single tax on the valuation of land, that part which would fall upon the cities is indicated by the simple fact that the share of the city of Boston would be $24,000,000. The share of other cities and towns would be in similar proportions. The share falling upon the best farm land would also be much greater than it now is, and the share falling upon poor land or land now uncultivated and unoccupied would be very small. It would then of necessity follow that only those who possessed large capital could afford to hold or possess lands under the new single-tax conditions either in the cities, towns, or the best positions for farms; while the very poor, in proportion to their poverty, would be forbidden the possession of land except at points the most distant from the centres of industry. To this conclusion the logic of the system inevitably tends: what answer can its advocates give to these propositions and these demonstrations?

The case must be considered theoretically, because there is no community now existing in which the public revenues are derived from a single tax upon land or site value. The nearest approach to the system was made by the Directory of the French Republic. It broke up a very bad system of land tenure, wholly different from anything known in this country, and led through great disasters to the present system of compulsory land distribution to which France is now subjected.

The writer is not to be held as fully approving either of the present method of collecting the national taxes, or the present method of assessing both real estate and personal property for municipal purposes, there are great improvements which may be made in both branches. What he has endeavored to prove is that there is no abstract principles of taxation by the application of which either the causes of poverty may be removed or land forced into wider distribution or more productive use than under the present conditions. Taxation is as yet an experimental science to be tested by its results and brought by experience into the conditions under which the largest revenue required for the use of the government economically administered may be raised with the least burden to the people and the least obstruction to their free choice of the pursuits which they may follow in bringing forth from the soil, the factory, the mine, or the sea that annual product from which all taxes, wages, earnings, profits, and rents must be alike derived.
We are now led back to the consideration of the only grounds upon which the single
tax system might be justified, to wit: given a certain sum necessary to the support of
the government to be derived from a single-tax upon land,—given a certain sum of
rents derived from land by private owners and now enjoyed by them which would be
more or less sufficient to meet the necessities of government, whatever the actual facts
in regard to the sum of rents may be; given as complete an act as it might be in the
power of men to devise to secure to the people by a single tax upon land a sum equal
to the rents now secured by private persons through their possession of the land under
existing laws, such sum to be devoted to the support of the government and all other
forms of taxation done away with;—would those who might then come into the
conditional possession of land under these new conditions of a single-tax tenure
thereafter be capable of distributing the tax upon the consumers of the products
derived directly from the soil, or converted in factories, or distributed in warehouses?
In other words, would the conditional possessor of land under the new system bear all
the taxes and be incapable of securing rent or profit or both rent and profit from land?
Would there not be a distribution substantially of the same kind, in the same amount,
and upon the same persons that now do the work from which rents and taxes are now
derived,—whatever kind of work, mental, manual, or mechanical, that work may be?
The sum of all the taxes would be the same that it is now,—the sum of the gross value
of the product would be subject to the same variation that it is now;—that is to say, it
would vary with the seasons and with the amount of capital and labor which might be
applied to production. The amount of all work of all kinds would be substantially the
same that it is now; a certain proportion of the people would of necessity be devoted
to agriculture, another proportion to the mechanic arts, another proportion to
manufactures and mining, another to trade and transportation, and another to
professional services. Would the joint product of all these forces be increased or
would it be distributed in any more equitable or even manner? If not, the change in the
conditional possession of land might not be worth the cost and difficulty of the
undertaking; if otherwise, the change might be justified.

Again, taking once more the three examples of the farm, the factory, and the
warehouse: the number of persons in possession of sufficient capital who could make
use of land for cultivation would probably be lessened if the occupant were called
upon to submit in each year to a first lien of taxation through the land upon its crops to
double, treble, and quadruple the amount which the farmer is now called upon to pay.
A great number of small farmers now gaining a fair subsistence by their own labor
and due in least proportion to the use of capital might then be compelled to take the
position of the employed rather than the employer. No capital would be invested in farming unless the product of the farm could be charged, first, with all the taxes imposed upon the land as part of the cost of production, and, second, charged with all wages paid and materials used upon the farm, as a part of the cost of production. Unless in addition, over and above these elements of cost, a customary profit, interest, or compensation for the use of capital and for the services of capitalists could also be recovered from the sale of the products, the products of agriculture would be diminished until they could be so charged. Under these conditions, the tax upon farm lands, equal under the new conditions to what both rent and taxes now come to, must ultimately fall wholly upon the consumers of farm products.

Next, in respect to factories, the area of land occupied by the largest factories and those that are the most productive, is very small in proportion to the product of the factory, and as steam and electricity are rapidly supplanting or taking the place of water-power, the choice of position for large factories may be made almost at will with a view to occupying lands of a minimum rental or taxable value. Under these conditions it would probably happen that the large factories would be relieved from a considerable part of the present burden of taxation upon them if they were called upon to pay a tax only upon the land. Under the present conditions the owners of capital in the factory have no difficulty in charging the heavy tax to which they are now subject, to the cost of the goods, and unless they can recover the cost of material, the wages paid and the taxes as well, from the sale of the product, with an adequate compensation over and above to pay for the service of that capital and for the support of the owners, that branch of manufacture fails to extend, and may even ultimately fail to exist. Since the consumers of goods made in the factory now pay all the heavy taxes upon the goods made in that factory, would not a single tax on land of less amount be as surely put into the goods, and would not the consumers be forced to pay that tax? What effect would such a single tax on land have upon the profits of the owners of factories?

In respect to the mechanic arts customarily conducted in small shops or buildings less costly in proportion to the product than the factories, and which must of necessity be placed in the neighborhood of the population who are served by the mechanics,—a single tax upon the land occupied would, without question, increase the burden of the occupants far beyond their present share of taxation. Or again, unless under this single-tax system the mechanic could recover from the sale of his product adequate remuneration for the tax, he would not occupy the land and would not pay the single tax. In point of fact, the burden on the mechanic would be a little heavier than it now
is, and would surely be distributed upon those who consume the products or require
the services of mechanics. With, respect to mines: if all taxes should be assessed upon
land, including land underlaid with coal, iron, and other mineral products, the
proportion now borne would doubtless be greatly increased; but in this case, unless
those who occupy the mines under the new conditions could recover the labor, profits,
taxes, and interest in substantially the same proportions and in the same way that the
present taxes are now recovered from the consumers of the products of the mines,
these mines would not be worked to the same extent which they are now worked,
prices of the products of the mines would rise, and ultimately the consumer would pay
all the additional taxes upon mining lands in addition to the present cost of mining
these products.

Or in respect to city warehouses, the highest rents are now paid for the choice of
position whereon to place the largest buildings, most convenient for distribution.
These excessively high rents, however, add to the cost of distribution much less than
the low rents of small shops in which a relatively small traffic is carried on. If the
single-tax system is adopted, and all taxes are paid upon land, the burden will fall
most heavily upon city lots, as illustrated in the example of the city of Boston, but in
this instance again, unless this increased burden due to the single tax on land can be
charged to the cost of distributing the goods sold in the warehouses, coupled with a
suitable charge for the services of those employed therein, the work will not be done
in that way. When the warehouse is taxed out of existence in which the cost of
distributing goods or wares is least on account of the facilities which it gives, the
burden upon the consumers would increase; they would pay a much greater sum than
they now pay for the cost of distribution.

If these would not be the results of this system, what would they be? The advocates of
this system of a single tax on land are invited to answer this question.

If the reasoning on which this treatise has been prepared is logical and conclusive, it
therefore follows that the attempt to put the charge for all public revenues wholly
upon land, while it might do away with an element of charge now called rent in part or
wholly, and while it might alter the sum paid for the choice of position and for the
occupation of land under new conditions,—yet it would tend on the whole to
concentrate the conditional possession of land in fewer hands and make it a much
greater necessity that the occupant of land should also possess a considerable capital
than is now needed. It would not tend to an increased product, and it would not
remove from the consumers of the products any part of the burden of taxation or of
the rent they now pay. It would not in any way affect the process of distribution except by increasing the disparity between the rich, the moderately well-to-do, and the workman who depends wholly upon his work for a living. The proposition can therefore neither be sustained as a true principle of taxation nor as an expedient method of raising the public revenues.

The final conclusion of the whole matter might be summed up in a very concise statement: land attains value in exchange (rental value or site value, whichever term may be applied) only in ratio to the use to which it may be put as a source of primary production, or as a place on which production can be continued or from which distribution can be made. Land cannot be divided or in itself applied directly to taxation, because taxation is only one mode of distributing the products of land. Production cannot be secured without work; a tax on land is therefore a tax on all the work of production and distribution in practically even proportion without regard to the quality of the product or the distribution: it falls on all work, whether the product be necessary to life or of voluntary use, and whether the distribution be a mode of necessary consumption or of luxurious consumption. Ninety percent of all the people of this country belong in some sense to the working class, according to the narrow interpretation in which that term is commonly used; that is to say, they work for a living, either directly upon land, or serve others either for small salaries or for moderate wages, producing little more than is necessary for their own consumption. Perhaps about one tenth of the community may be counted among the more prosperous class, that is, among those whose previous earnings have been saved in sufficient measure to relieve them in part or wholly from the necessity of present work or to aid them in doing much more work than is needed for subsistence. A single tax upon land can only be a tax upon all production: it would therefore be a tax upon all consumption of every kind, and therefore might be a true method of distributing the burden of cost of the government upon every class without discrimination and without regard to the relative productive capacity of any member of either class.

The merits of the system of a single tax upon land would be that it could be readily and surely collected, and that the burden of such a tax would force the attention of every man and woman to the necessity of limiting the expenditures of the government to the least possible sum necessary to the conduct of its functions.

The fault of the system would be that it would leave no room for expediency in relieving those least capable of sparing a part of their product in order to put that burden upon those whose productive capacity might be greater. It would also do away
with the discrimination now somewhat blindly exercised in the choice of subjects for
taxation, by relieving whiskey, tobacco, beer, and other articles of voluntary use or
luxuries from all taxes. The whole subject must therefore be reviewed upon the
grounds of expediency and not of principle. As a principle of taxation, a single tax
upon land might be very equal in the burden which it might impose upon all
consumers, but would it be equitable in the manner in which it would prevent the
division or distribution of this burden in ratio to the productive capacity of each
producer?

In this attempt to treat the subject of taxation, I have been led almost in spite of myself
to the conclusion that the only way in which those least capable of being taxed,
because least capable of making a large product, can be exempted in some measure,
from the necessary weight of taxation, is through a system of indirect taxation upon
consumable goods rather than upon property; for the reason that wherever or however
taxes are wholly imposed upon property (except by a succession tax), the owner of the
property, whether in land or capital, can find out a way of distributing the tax and of
collecting it from others; while an indirect tax assessed upon consumable products
may be avoided wholly or in part by him who refrains from consuming any such
subjects of taxation. For this reason, so far as public revenues can be derived from
whiskey, beer, tobacco, and wine, or other similar articles of purely voluntary
consumption, such a tax may be the most expedient, least burdensome, and although
not equal yet perhaps the most equitable mode of collecting a considerable part of the
revenue, with the least injurious effect upon productive energy. This conclusion has
been reached by the writer by divesting the mind as far as possible of the conception
of money as a measure of taxation, and by treating taxation wholly as a mode of work
subject to be paid in greatest proportion in the first instance by those whose working
capacity, either mental, mechanical, or manual, is greatest, or by those who know how
to make the most productive use either of land or capital, wherever the burden may
ultimately fall when the tax is finally distributed.