



Single tax catechism: a plain, brief statement of the primary principles of the single tax system.

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SINGLE TAX

CATECHISM

A PLAIN, BRIEF STATEMENT OF THE PRIMARY
PRINCIPLES OF THE SINGLE
TAX SYSTEM

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BY J. B. CARROLL

CHICAGO
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1945 Single Tax

SINGLE TAX CATECHISM.

Q. What is the Single Tax ?

A. A tax on ground values exclusively.

Q. What do you mean by a tax on ground values exclusively ?

A. I mean that nothing whatever should be taxed except the value of the naked ground, irrespective of the improvements on it.

Q. Do you mean that you would exempt from taxation stores, dwellings, factories and improvements of every description in cities and towns, as well as on farms ?

A. Precisely.

Q. Would you also exempt personal property ?

A. Yes.

Q. Would you assess land at its full selling value or at only a fraction of its selling value ?

A. At its full selling value. The existing method of assessment at fractional valuation has proved a fruitful source of corruption and injustice.

Q. Do you mean that the assessment should be strictly on land values and not on land area ?

A. Certainly; a small city lot would often have to pay more than a very large farm.

Q. In what respect would your Single Tax system be an improvement on existing methods?

A. Speculation in land would be abolished, because such speculation would be unprofitable, and the production of wealth would be encouraged, because all the products of labor would be exempt from taxation.

Q. What would be the effect of the Single Tax on land values?

A. The effect would be that land values would be considerably less than under existing methods. There would be no monopoly of land, because holding it out of use, awaiting exorbitant prices, would be unprofitable.

Q. How would the Single Tax affect rents?

A. Of course rents would also be much less than now because land would be cheaper. It would not pay anyone to own land unless improved appropriately, hence; there would be more stores and dwellings. The Single Tax would put a premium on improvements by exempting them from taxation.

Q. Do you not think that it would be unjust to raise public revenues from ground values alone?

A. On the contrary, the system would be one of absolute justice.

Q. Why do you think it would be absolute justice?

A. Because land is without value until you have population. Where there are but a few people, land is cheap; where there is a large population, land is proportionately higher-priced. As population increases, up goes the price; as population decreases, down goes the price, showing

clearly that society is the creator of land values; and in taxing ground values, as proposed by the Single Tax, society will be getting nothing except what it created.

Q. Why is not speculation in land as right and legitimate as speculation in the products of land—and by the term “products” I mean anything that the hand of man makes?

A. Because land is undeniably the heritage of all mankind. A denial of this involves a denial of the justice of the Creator. Every man, woman and child born into this world has an equal right to the use of the earth. As the Single Tax would make holding land out of use utterly unprofitable, there would be no monopolizers, and practically land would be as free as if the state owned it all, and leased it to the user or worker.

Q. You seem to forget that millions are engaged in other pursuits than farming; how would they share in the general improvement?

A. They would get their share fully by reason of the fact that the Single Tax would be the equivalent of the annual rental value of land. The owner of the land would be obliged to pay that rental value in taxes for the benefit of the community, and those who own no land would, therefore, be exempt from all direct taxation.

Q. How do you reconcile their exemption from direct taxation with your idea of justice?

A. Because population as a whole is the creator of land values, and everyone should pay for the special privilege thus accorded him. In reality no one (except paupers) could entirely escape, as all must use the earth.

Q. What use does a traveler make of the earth?

A. He owns no land, yet occupies a portion of the earth; in paying his lodging he indirectly pays his share to the person who actually makes the payment of the tax.

Q. If land were entirely free, are there not millions of persons who would not till the soil?

A. No doubt of it; but there are other millions who would be glad to have an opportunity of applying their labor to the earth were they not barred out by the monopolists, who will not sell except at exorbitant prices, and oftentimes will not sell at any price.

Q. Would not the monopolists have the right to retain possession of their lands under the Single Tax, as well as under existing methods of taxation?

A. Undoubtedly they would have the right to own as much land as they pleased; but inasmuch as taking in taxation its annual rental value would make such holding unprofitable, they would not be at all likely to hold on to it, and hence they would either sell or improve. Besides, even if a rich man continued to hold land out of use, the public would have no right to complain, because he would be paying in taxation for public expenses the full annual rental value of the ground.

Q. Would the taxation of ground values on the proposed basis yield sufficient revenue for state, municipal and all local public expenses?

A. Not only would the amount be sufficient for state, municipal and all local expenses, but it would be enough for national expenses as well.

Q. How do you know?

A. Thomas G. Shearman, of Brooklyn, who is a competent authority, and others have carefully investigated the subject, and have proved conclusively that after providing for all national, state and municipal expenses there would be a surplus.

Q. But suppose your authorities to be mistaken, what then?

A. It would then be the duty of the state as it would be the duty of an individual citizen to confine its expenses to its legitimate income. The state has no right to confiscate, by taxation, the private property of individuals.

Q. Your plan then contemplates free trade and direct taxation?

A. That is what it contemplates, precisely.

Q. How would the people of the United States be gainers by free trade?

A. They would escape the enormous burden now imposed on them by reason of a tariff averaging over 50 per cent. on nearly every essential of life, except staple agricultural products.

Q. The tariff applies only to imported commodities; can not Americans escape the tariff by buying home-made goods?

A. They can not, because the American manufacturer naturally adds to the price of his goods nearly the full amount of the tariff on the foreign article, so that whether you buy the domestic or the foreign article you never escape the tariff.

Q. Are not many articles in daily use, such as woolen goods, clothing, crockery, glassware, hardware, etc., sold in the United States at figures below the price of the foreign article with the duty added?

A. A very slight investigation will convince you that this is largely a wrong view of the actual facts. Though perhaps true in exceptional cases, as a rule not only is the price of the domestic article enormously enhanced by reason of the tariff, but the domestic article is far inferior in quality to the foreign article.

Q. Why do not Americans make goods fully equal to the foreign article?

A. Because our high tariff makes it possible for the American to dispose of inferior goods by slightly underselling the foreigner; the poor are compelled to buy what is cheapest, while only the well-to-do can afford to buy the superior article. The tariff puts a premium on superiority in foreign countries, and on inferiority in the United States.

Q. Assuming your position to be correct, what connection is there between a tariff and your proposed Single Tax?

A. There is this connection, that the public would not only escape all taxes on improvements, but they would also escape all indirect taxation; and they would be enabled to obtain the very best class of goods at much lower prices than, under existing methods, they pay for inferior goods; shoddyism would be abolished, as well as land speculation, because shoddyism would not pay.

Q. How would your Single Tax affect the manufacturer?

A. Favorably, of course, because there would be no taxation whatever on his buildings, his machinery, his product, nor on anything that enters into the manufacture of his goods.

Q. Assuming that the Single Tax would abolish speculation in land, would it not result in confiscation of the rightful property of land-owners?

A. On the contrary, the Single Tax would result in restitution to the people of what rightfully belongs to them. The Single Tax aims solely at abolishing vested wrongs; but while it would not be a violation of justice to abolish such wrongs at once, as in the case of chattel slavery, still those who advocate the new method of taxation are aware that the change will be accomplished gradually, through exemption after exemption, in the subjects of taxation, until finally land values alone shall bear the entire burden.

Q. Does it not seem that it would be gross discrimination in favor of the rich to let stocks and bonds escape taxation?

A. Every man is entitled to what he can make by his ability and industry, without taxation, when such taxation is unnecessary; but you are mistaken in supposing that stocks and bonds would contribute nothing towards public expenses under the Single Tax.

Q. How can I be mistaken if you would tax nothing except land values?

A. Because nearly all stocks and bonds have land as a basis of security. Take railroads for instance; the land over which the lines run, as well as the depot grounds, yard-room, etc., would be taxed according to the value of such ground, and

thus railroad companies would no more escape taxation than other land-owners. The land values represented by stocks and bonds would be taxed. The improvement values would be exempted.

Q. Under the Single Tax, which would yield the most towards public expenses—city land, or agricultural land?

A. There can be no question that, in the vast majority of States, city and town lots would yield the most; because city land is extraordinarily valuable, one small lot being oftentimes worth more than thousands of acres of agricultural land.

Q. How do you know that?

A. The public records of land transfers and leases prove conclusively that I am right; for instance, in Chicago, I know of one lot about 150 feet square—the site of the Great Northern Hotel—which is leased at \$50,000 per annum, and that lot is far less valuable than many others in Chicago. The estimated annual ground rental value of the mile square of Chicago, known as the school trustees' subdivision, at 5 per cent., would be \$35,000,000; and Chicago covers not one square mile but more than 175 square miles.

Q. Is it not a fact that there are plenty of cheap lots in Chicago and in the suburbs around Chicago, as well as in every other city?

A. Very true; but to get a cheap lot or cheap rent you must move away from neighborhoods which have city improvements, such as paved streets, gas or electric light, piped water, sewerage, etc., notwithstanding that within the boundaries containing all the improvements and conveniences

mentioned are thousands of vacant lots held out of use by speculators, who will neither sell nor improve, because the lots are only nominally taxed; and because the owners of such lots know that the increase in value by reason of the growth of population will return far more than compound interest. Besides the privations indicated, the searcher for cheap rent must live a long distance from his place of business, and just so soon as city improvements and increased population reach him, he must move again on account of high rents.

Q. Chicago and other comparatively new cities may have many vacant lots within their boundaries, but how about an old city like New York—surely there you will find nearly all the land built on?

A. Notwithstanding its age, it is a fact that little more than half the area of New York City is improved; and that the growth of population adds enormously, year after year, to the value of the vacant lots, although such lots are already high-priced. In fact, holding land out of use in a densely settled community is more profitable than holding it out of use in a sparsely settled community, because the growth of population is more rapid in the former than in the latter.

Q. Where there is a pressure of population would not land-owners find it more profitable to improve than to hold their land unused?

A. Not always; thousands of rich men prefer holding land out of use, because they know that such land is constantly increasing in value without any effort or risk on their part; and because the sale of a parcel of land occasionally, at an enormous advance over what it cost, enables them to pay

their comparatively nominal taxes, and to acquire additional vacant land which in turn goes up in value.

Q. Why would it not be more profitable for the rich to own less land and to improve it appropriately?

A. Because land is the only thing which constantly increases in value exactly in proportion to the growth of population, while improvements necessarily depreciate in value from year to year; and because, while the land remains vacant, or shabbily improved, taxation is nominal, whereas a handsome improvement leads to a heavy fine, imposed by the assessors.

Q. Do you know of any case which will verify your statement?

A. Yes; a valuable corner on Washington Ave., St. Louis, is to-day covered with an antiquated two-story building, well rented because of choice location, while all around are handsome eight-story buildings used by the wholesale trade. Yet the owner of the corner refuses to demolish his old rookery and erect a building appropriate to the neighborhood, although by so doing he could realize in rent 6 per cent. net on the new building. He has actually refused an offer of 6 per cent. made by a responsible firm; because, after due investigation, he discovers that the rookery pays 16 per cent. on the investment, and he would therefore be losing 10 per cent. per annum on that portion of his capital by the change.

Q. How is it that the rookery pays 16 per cent. while the eight-story building would pay only 6 per cent.?

A. It is very easily explained. The assessor regards the old building as valueless, because of its shabbiness in comparison with the surrounding buildings, and assesses the land as if it were vacant altogether. He therefore makes the assessment low; whereas, if the eight-story building were erected, the assessment on the naked lot would be much heavier, and in addition the handsome building would be assessed almost at its cost. This is how the present absurd and grossly unjust method of taxation puts a premium of 10 per cent. per annum on the rookery, which is an eyesore to the whole neighborhood. Under the Single Tax the lot only would be assessed at its full selling value, the building would be exempt, and the rookery would disappear in short order!

Q. You seem to consider that land-owning is much more profitable than mercantile business?

A. No doubt of it; out of a dozen millionaires who died in 1892, in New York City, William Astor was the richest, his estate being valued at \$75,000,000—all in real estate; and he is only one of the numerous Astor family, every member of which is enormously wealthy. It is well known that the Astors have no business except real estate. E. S. Jaffray, a merchant, died worth only \$1,000,000, notwithstanding a long and honorable career. E. S. Jaffray's father invested as much in dry goods as Wm. Astor's grandfather invested in real estate, but see the vast difference in the accumulations! The merchant has to work hard and take risks, while the shrewd land owner merely sits back and pockets the wealth the community makes for him.

Q. Dropping the subject of city lands for a moment, how would the Single Tax benefit the farmer?

A. It certainly would; if you make it unprofitable to hold land out of use, it would be easy for the farmer to obtain land in the older States as well as in the new, at a very low price; and the tiller of the soil would not be obliged to become a pioneer and live for years in a wilderness, where he has neither schools, churches nor society, thousands of miles perhaps from his old home and friends.

Q. Would there be any other advantage to the farmer?

A. Yes; the working farmer could make all the improvements he desired without any fear of the assessor's fine on such improvements; for the highly improved farm would pay no more than the unimproved or the slovenly improved. The land held by the speculator unused, which now almost escapes taxation, would pay as much into the public treasury as the highly improved land of the working farmer, always assuming the value of the naked ground to be the same.

Q. You have stated that 50 per cent. of the area of New York City is without improvement of any kind. Supposing all this now vacant land to be covered with improvements, how would society be benefited?

A. It is a fact that nearly half of the population of New York to-day are crowded, like sardines in a box, in tenement houses, four, five and six stories high; dozens of families live under one roof; several families live on one floor, where light and pure air are almost unknown. This crowding

necessarily breeds disease and filth, and in thousands of instances the surroundings are so bad that morality is impossible. Working people are obliged to submit to this barbarism, because they cannot afford the rents asked for more desirable quarters. The Single Tax would end all this.

Q. How would it put an end to the conditions you have described?

A. Very easily; the Single Tax would force the improvement of the vacant ground; dwellings would as a consequence be numerous; and it would be possible for the poor to get comfortable houses at moderate rents. The hell-holes, called tenement houses, would be abandoned.

Q. Would land-owners ever submit to your proposed reform?

A. The people are supreme; their government is superior to all landlords; and it is the duty of such government to enact and enforce such laws as will secure and preserve equal rights to natural opportunities.

Q. Is it not the aim of all our political parties to secure equal rights to all?

A. Ostensibly it is, but in reality our land laws favor the few at the expense of the many; and as a result we are degenerating into a race of landlords and tenants, which is virtually but another name for masters and slaves. Parties work only within the limits of the principles they have adopted.

Q. How do you know that the evil is growing?

A. Every succeeding census proves that wealth is rapidly concentrating; that land-owners are, in

proportion to population, decreasing in number; and that relatively we have more tenants now, both in cities and on farms, than at any period of our history. This tendency must be stopped, or we are doomed to destruction.

Q. Why would it lead to destruction?

A. Because plain palpable robbery will not be submitted to by an intelligent people. That is only possible where the masses are steeped in ignorance. Hence we must either retrace our steps or shut up our schoolhouses. Even ignorance cannot always be relied on, as was demonstrated by the French Revolution one hundred years ago.

Q. Are not our rich people charitable to the poor?

A. What the poor want is not charity, but simple, absolute justice. When the people have justice they will need very little charity; and justice they never can have until they have restored to them the earth, created by the Almighty, not for a favored few, but for the equal use and benefit of every one of his children.

Q. What do you suppose the effect on society generally would be were the Single Tax adopted and land made practically free?

A. It would unquestionably be good; it would not be possible for a few individuals to gobble the earth, and to make slaves of the many; the masses of the people would be restored to full manhood; we would have free trade, free land and free men; there would be no excuse for idleness on the part of any able-bodied man, because industry would be enormously encouraged; and instead of the laborer being obliged to beg for work the employer would

be the beggar for the services of the laborer. The masses would be elevated, and they would become consumers of a thousand things which they are obliged to forego under the poverty incident to the unjust land system now prevailing. Besides, crime and brutality, which are almost always the result of poverty, would be comparatively unknown.

Q. How would the adoption of your system affect the rich?

A. It would be beneficial in the highest sense to the rich as well as the poor. Inheritors of large wealth usually lead a life of pleasure and dissipation; and when this wealth consists of land, it is constantly increasing by reason of the growth of population, notwithstanding that the owner may be an idiot, an idler or a rake. The Single Tax would absorb for the public this increased value; and even though a man inherited other forms of wealth he would, in order to keep such wealth intact or to increase it, have to exercise ability and take risks; in short, he would have something healthful to think about. Again, the millionaire would not live in constant fear of anarchy, which is nothing but the result of oppressive social conditions, because the Single Tax would make it possible for the multitude to acquire homes as well as live in comfortable rented dwellings; and it should never be forgotten that the more "homes" we have the stronger the bulwark against poverty, vice and crime of every description.

Q. Are not our legislative bodies giving due attention to social evils; and have not many laws been enacted calculated to ameliorate the condition of the masses?

A. Many laws have, ostensibly, been enacted in the interest of the masses, but such laws are frequently mere vote-catching devices; and, even when sincerely intended for good, they are not far-reaching enough, and prove weak, ineffective and worthless. The root of social disease, including intemperance and crime, is the legalized denial of access to the bounties of nature; there is but one radical cure, and that is to restore to man the divinely established right to apply his labor to the unused earth without paying tribute to any forestaller or monopolizer. Then we would have an era of justice: an era in which labor would get its just reward. The Single Tax would bring about this condition of righteousness, and labor, the producer of all wealth, would no longer be a beggar.

Q. Should I desire to pursue this subject further, what books would you recommend me to read?

A. I would recommend the following works by Henry George, one of the most gifted writers of our century and the Apostle of the Single Tax:— "The Land Question," "The Condition of Labor," "Social Problems," "Protection or Free Trade?" and "Progress and Poverty." All these clearly explain the Single Tax, but the last is scientifically thorough and exhaustive of the subject. All these works can be had from C. D. Blackhall, 10 Lock Street, Buffalo, N. Y.

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