

THE PHILOSOPHY OF THE SINGLE TAX.

By J. Farrell.

IX. — THE METHOD OF REFORM.

We propose to do nothing whatever beyond changing the basis of taxation from industry, production, exchange or incomes to land values. We propose to exempt everything else from taxation and derive not only the whole necessary revenue for governmental purposes from land values, but if there is more than enough for such purposes to divide the remainder equally among the members of the community in the form of annuities, or in any way that may be determined upon. Land value belongs to the entire community by right, and neither individual nor communal justice is being done while any part of it is being diverted from the true owners. I have already shown that the State recognizes that the value of land results from the presence and needs of the whole people by paying the proceeds of the sale or lease of Crown land into the public Treasury. But, in selling, it gives to a private owner the power to take to himself, without further payment, all future increment of value arising from precisely the same source as the first value, for which he paid, had arisen. And in leasing a similar wrong may be done when the duration of the lease is a long one. Before it falls in the growth of population, the expenditure of public money and other causes may make the land leased worth much more than the lessee pays annually to the State, in which case he secures an unfair advantage over others.

The single tax, unlike any other, is simply a payment by the individual for value received from the State. All other forms of taxation are appropriations by the State, for public use, of individual earnings. The doctor, the lawyer, the merchant, as well as the industrial producer of every class fulfill necessary functions — in some cases, no doubt, functions made necessary only by an entirely false condition of society. But for every shilling of income they may receive through the exercise of their various callings they have given in return a value of service or of some tangible thing which these who paid them esteemed to be worth more than was given in payment for it. Thus it will be seen that any income honestly earned simply represents the amount of needful service rendered or wealth added to the community by the receiver. To tax such incomes is, therefore, manifestly unjust, for it means taking from him who is taxed a sum in proportion to the service rendered. The greater a man's income under true laws the greater the well-being and wealth of the community from which he has obtained it. Crime and misdemeanor, strangely enough, are placed under the operation of a precisely similar law by the present method of levying fines as a deterrent mode of punishment. The drunkard who offends and injures society is fined for doing so. For doing an unlawful and undesirable thing he is subjected to the same treatment as the man who does just what everybody desires him to do and is willing to pay him for doing. The single tax is in no sense a measure of punishment or deprivation; it is a measure of equalization. It does not seek to take from anyone anything produced by himself or inherited from those who did produce it. It seeks to make him pay to others compensation for any advantage over them which he may have.

The imposition of a tax on land values of say ½d or 1d in the £ of the annual rental value, exclusive of improvements, would be a true installment of the single tax. The increase of this tax periodically until it practically absorbed the whole of such value would be its completion. What we ask is the imposition of such a tax in such a manner. As the returns from it reached the public exchequer in sufficient quantities other taxes could be removed one by one until free trade became actually an accomplished fact.

Before dealing with the necessary effect of this let me endeavor to demonstrate the equity of doing it. Several propositions have been made for nationalizing land or the taking of it back by the State from individual owners, but all these, so far as I am aware, involve the plan of compensating landowners for the loss of unearned increment of value. Such as this is the land nationalization scheme of Professor Wallace, and with these I have nothing to do here. The issue is a perfectly plain one. We say that land existed before the coming of man; it is the raw material from which his hands shape everything required to satisfy his wants, and without access to which he could not exist. We say that any modification or alteration of this raw material in the direction of usefulness by individual labor is rightfully individual property, but that the land cannot be so, no man having contributed anything towards the making of it. The same natural law which gives a man an absolute right to what he produces denies him any right to what he does not produce. It is only by usurpation, however legalized, that one man can get possession of that without which others cannot live, and thus, without giving anything in return, levy continually upon their earnings, or prevent them from earning anything.

It is not, as some have supposed, because an unearned increment of value comes to landowners that land should not be permitted to become private property, for unearned increase of value attaches, and probably will always do so, to many things which are produced by labor and capital. Enormously the larger part of the unusual and excess values that are now and then obtained for various products are due to the power which monopoly has to prevent labor from at once changing its exertions from one channel of production to another as demand arises, yet it is almost certain that even if monopoly did not exist unearned increment of value might accrue to the producers or owners of commodities. A sudden failure of crops, a disease among cattle, or a change of public taste or fashion, might increase the value of the industrial products owned by one person while decreasing the value of those owned by another. This gain or loss would belong to the individual who owned such commodities by the right of production, purchase or inheritance. The question between the people and the land owners is one of title. If men have a just title to the exclusive ownership of land they have also a just title to any increment of value coming to it, as they are compelled to bear any loss resulting from decrease of value. I have, I trust, shown to the reader who has followed me so far that such a title is impossible in justice, as it involves the denial of justice to others. Land values belong to the people, and the proposal to buy them back from those who have wrongfully enjoyed them is precisely the same as a proposal to buy off a thief — to give your purse for the restoration of your watch. If our case is a sound one we do not ask a favor for which compensation is to be given, but a right of which the great majority of mankind have long been monstrously deprived. "If the land of any country belong to the people of that country, what right in justice and morality have the individual called

landowners to the rent? If the land belong to the people, why in the name of morality and justice should the people pay its saleable value for their own?"

If strictest justice were insisted upon, it is those so long deprived of their natural right to live and work for the supply of their natural wants who should receive compensation, not those who have deprived them of it. Why should we compensate men who by a legalized method have robbed and are still robbing us? "For this robbery," says Henry George, "is not like the robbery of a horse or a sum of money that ceases with the act. It is a fresh and continuous robbery that goes on every day and every hour. It is not from the produce of the past that rent is drawn, it is from the produce of the present. It is a toll levied upon labor constantly and continuously. Every blow of the hammer, every stroke of the pick, every thrust of the shuttle, every throb of the steam engine, pay it tribute. It levies upon the earnings of the men who deep underground risk their lives and of those who over white surges hang to reeling masts; it claims the first reward of the capitalist and the fruits of the inventor's patient effort; it takes little children from school and compels them to work before their bones are hard or their muscles are firm; it robs the shivering of warmth, the hungry of food, the sick of medicine, the anxious of peace. It crowds families of eight and 10 into one squalid room; it herds together like swine agricultural gangs of boys and girls; it fills the gin-palace and groggery with those who have no comfort in their homes; it makes lads who might become useful men candidates for prisons and penitentiaries; it fills brothels with girls who might have known the pure joy of motherhood; it sends greed and all evil passions prowling through society as a hard winter drives the wolves to the abodes of men; it darkens faith in the human soul and across the reflection of a just and merciful Creator draws the veil of a hard and blind and cruel fate. It is not merely a robbery in the past; it is a robbery in the present— a robbery that deprives of their, birthrights the infants that are now coming into the world. Why should we hesitate about making short work of such a system? Because I was robbed yesterday and the day before, and the day before that, is it any reason that I should suffer myself to be robbed today and tomorrow— any reason why I should conclude that the robber has acquired a vested right to rob me? . . . Consider what rent is. It does not arise spontaneously from land; it is due to nothing that the landowners have done. It represents a value created by the whole community. Let the landowners have, if you please, all the land would give them in the absence of the rest of the community. But rent, the creation of the whole community, necessarily belongs to the whole community." That is precisely the view of the matter taken by single tax advocates everywhere. But instead of asking wholesale or sudden restitution of the rights of the people they are content to take such restitution in installments such as will not cause hardship to those who have been allowed to acquire personal property in land values, while from the outset those who have suffered deprivation of their own will begin to benefit.

During the course of the publication of those articles I have received several letters, and have seen others published in various papers asking why capital in the form of land should bear all taxation while all other capital should be exempted. I have tried to make it clear more than once that capital never is in the form of land. Capital is a product of labor and is used to assist labor. It should not be subjected to taxation, inasmuch because its office— and it is private property— is to produce. Wealth expended in the purchase of land can only secure a return (rent) from the

prevention of production. Another question has been asked me, which was, perhaps, put in its most lucid form, by the Hon. Dr. Garran while criticizing a paper of mine on "Land Value Taxation," read before the Australian Economic Association. Dr. Garran (I quote from the report of his speech in the *Australian Economist*) "doubted if the doctrine that it was not right for a private person to hold land, or withhold the use of it, could be carried out. Look at the man of genius — he did not endow himself, and, if an artist or author, it might be said that only part of his productions belonged to himself. If fertility of the soil belonged to the State, why not the fertility of intellect?" In many ways the same idea has been presented by me, but this is typical of them all. It seems to me that between natural individual capacity and natural opportunities the line is very distinct. The individual brings into the world with him whatever particular gift he possesses. Take Dickens, Dore, Santley or Edison as types of highly gifted minds. They could only secure material gain to themselves by doing some desirable thing better than it had been done before. Delightful stories, grand pictures, splendid singing, inventions which greatly increase the power of mankind, these are the results of the birth of such men, and any wealth they may receive is payment for services rendered, which no other man could render. The landlord does not bring any land into the world with him: no good gift is needed for his enrichment. His only function, as landowner, is to prevent others from using land and reaping from such prevention the blackmail called rent upon which he thrives.

It was not part of my original purpose to deal here with the practical application of the single tax, or its effect as a means of raising necessary governmental revenue. I have striven to confine myself as closely as possible to a statement of principles, leaving to the future the closer consideration of details. My object has been to show the monstrous injustice of the present system of land tenure, and to indicate what seems to the single tax party the only road to reform. In the long and minute analysis of the possibilities bound up with the administration of the principle, that, from the pens of many able exponents and opponents, have filled the columns of the New York *Standard* during the past three years such a flood of light has been thrown upon these details that there seems no practical difficulty whatever in the path. But it may be well to glance roughly at what the operation of such a limited measure of the single tax as we can hope for in the near future would be among ourselves.

It must not be supposed that the advocates of the single tax propose to raise the whole of the annual revenue of the colony (over £8,000,000) from land value taxation. Post offices, railway and telegraph services, and so forth are to the State perfectly legitimate sources of revenue, as all returns from them represent in the plainest form payment for services rendered by the community to individuals. All we propose to abolish, as a beginning, is the revenue tariff imposed under the name of free trade. The revenue of New South Wales for 1887 showed a sum of £2,814,468 derived from taxation, £2,378,995 from land sales, £3,245,907 from the public service, and from miscellaneous sources £293,831. Coghlan assesses the realizable value of the lands of the colony (in 1888) at £271,000,000 — a low estimate, I think, it will be admitted! A tax of 4½d in the pound on this land value alone, exempting all improvements, would yield over £5,000,000, thus covering all the deficiency caused by abolition of customs duties and stoppage of land sales. Even the "poor working man who has invested his hard earnings in a little plot of

land"— that insufficient bogey which land monopolists carry in front of them to frighten the ignorant — would hardly object to such a tax as that, even if the amount so taken were not more than made up to him by the repeal of the duties which now press upon him. The poor man's share of unearned increment of land value is always too small for a tax on it to affect him seriously. It is not out of land values, but out of hard, miserable, ill-paid work that the poor man makes his living. Take the taxes off the necessaries of life which fall upon him with such oppressive force at present, lower his rent, open means of work for him with increasing wages on every hand, and you may take his land values with impunity.