X

The Single Tax

TEN years' social and economic experimentation had brought Mr. Fels to an accord with the political teaching associated with the name of Henry George, to which he had given neither close study nor careful thought. Now it seemed to him as in a sudden illumination the social truth for which he had been so long seeking. It provided, he conceived, not merely a means for the mitigation of the ills of poverty, but a method by which poverty itself could be finally wiped out. It is characteristic of the man that once the vision was clear, he did not hesitate to throw his whole energy into the propagation of this doctrine.

The teaching which centers around the name of Henry George has come to occupy a prominent place in contemporary economic discussion. At the very height of its power

and influence, the *Times* thought it necessary to devote two pages of space, more valuable then than now, to a consideration of *Progress and Poverty* by the then unknown Californian. It was not a book lightly to be dismissed. Its doctrines were not sufficiently answered by the mere reply that it did not meet with the acceptance of orthodox economists. It has been characteristic of orthodox economists to brand as impossible every new doctrine that has not yet won its way into the ordinary thought of men. The theory could command considerable antiquity if that assists to its adequate appreciation. It was urged at the birth of scientific economics. Quesnay and Turgot had firm hold of its central idea; the latter indeed had so far understood its significance that its application was the central point of his policy when minister of finance to Louis XVI. If the attention of thinkers was drawn away from the direction the Physiocrats attempted to give to economic study, that was due to no fault of their teaching. It was because the application of science to industry changed the whole orientation of European thought.

Wealth, the Physiocrats taught, is based in the last analysis upon land. Man is economically as well as by nature a child of the earth. Henry George seized this cardinal truth at the very outset of his thought. If land is the basis of all wealth and if all men have need of wealth that they may live, it is clearly unjust that land should become the possession of the few; the vast majority must thereby be deprived of access to the means of living. "The ownership of land," wrote Henry George, "is the great fundamental fact which ultimately determines the social, the political, the economic, and, consequently, the intellectual and moral condition of a people. And it must be so. For land is the habitation of man, the store-house upon which he must draw for all his needs."

In the course of history men have, for the most part, been deprived of their natural inheritance. In order that they may live and increase they have been compelled to add to that inheritance, to augment the fortune that the few enjoy. It is impossible to trace the

steps in that process, for it is the record of the whole of mankind. But it is historically undeniable that as men have been in greater numbers divorced from the soil, as they have been forced into the class called the proletariat, have arisen the crucial economic problems that confront the modern democracy. The value of land, Ricardo taught long ago, is fixed by that least productive soil which social circumstances call into productive use. The difference between its productivity and that which gives the highest yield is called, simply, rent. But who created this difference? It is due to the foresight of no individual. It is due to position, the pressure of population, the possibility of supplying with greater ease the needs of that population. It is in short the existence of the community. In proportion as land has been concentrated in the hands of a few, those few have been able to profit by the genius and industry of the community. Society suffers from its own improvement. By one of the grimmest ironies to which history bears witness, those to whom a purely fortuitous event

has given possession of the soil, become legally and economically entitled to tax the community in proportion to its progress.

For Henry George, the central social problem consisted in the removal of this anomaly. He understood what Joseph Fels later expressed in a single emphatic phrase, "No man should have the power to take wealth he has not produced or earned." The value of land is mainly increased by communal effort. "Land," Mr. Fels wrote, "has a value apart from the value of things produced by labor; as population and industry increase, the value of land increases. That increase is community-made value. I believe it belongs to the community just as the wealth produced by you belongs to you. Therefore I believe that the fundamental evil, the great God-denying crime of society is the iniquitous system under which men are permitted to put into their pockets, confiscate in fact, the community-made values of land. It is proposed to take to the community that which is so obviously its own. What economically it creates, that it has morally the right to enjoy. If this view

were put on no ground other than that of common sense it would of a certainty be obvious enough. It is in fact socially axiomatic. We can proceed no further in our social development unless account be taken of its essential rightness."

If society creates these values, it has a clear right to their possession. And, as Joseph Fels was never tired of insisting, it is a little late in the day to bring against this new declaration of right the sneer that such rights are unhistorical. We urge, he once told an objector, that the right is the offspring of an obvious social need. How then is that right to be enforced? The answer given by the Single Taxers has at any rate the merit—and administratively this is of vast importance—of simplicity. It is proposed to tax the value of land, irrespective of any improvements that may be effected thereon, and to tax nothing else.

Income as a result of personal exertions is economically justified in claiming exemption. Imports and exports should be exempt because they are ultimately the product of

labor. It is difficult to exaggerate the social changes which would result from this reform. It is in fact, what Henry George called a true reform because it makes other reforms possible. The taxation of land values will in the first place raise revenue. Even here it has an advantage over other systems. It is open and it is certain—two advantages not lightly to be minimized. It will have about it none of the complex mystery which is associated with taxation at the present time. That, however, is comparatively a minor advantage. Its effect on industry must necessarily be of a far reaching character. The tax in the first place will be borne by the land owner; economists from Ricardo to Marshall have united in the declaration that a tax on economic rent cannot be shifted either to tenant or to consumer. It will thus force into use land that is at present, either for purposes of speculation or of selfish enjoyment, held out of use; for the tax will be greater than the land owner can bear unless he attempts improvements to meet it. He will use his land simply because he will not be able to do otherwise.

What would happen in an urban community as a result of this reform was, to Mr. Fels' thinking, one of its most important consequences. The more land is forced into utilization the cheaper must rents become, because the quantity of buildings is greater, supply is increased relatively to demand. That is itself an important change in modern urban conditions. A serious blow may thus be struck at the prohibitive rents of great industrial centers. Not only is the landlord economically compelled to improve his urban property, but to improve it he must give work that is socially useful and thus increase employment.

If more land is forced into cultivation clearly the price of raw materials must be reduced. This from a business point of view was an argument to which Mr. Fels attached great importance. In his own industry he found grave difficulties resulting from the possession by very few of all the available sources of supply. It was not that those sources were scanty and approaching exhaustion; supplies were deliberately restricted in order to enhance profits on a small output. Mr. Fels urged

constantly that half the evils of the increased cost of living in recent years were due to this one tremendous fact, the "cornering" as he put it, "by a few, of the natural resources of which all men have need." He saw that if the full extent of those resources was brought into use, the price of raw materials would be reduced with a clear effect upon the cost of living.

That result would assist greatly the condition of the working class. If there is an increased demand for labor there must be an increase in wages; not even the opponents of the Single Tax deny the applicability to modern conditions of the law of supply and demand. Here was what appeared to Mr. Fels the essential merit of Henry George's doctrine. By calling into use to their fullest extent the natural resources of the state, an attack would be made at the very root of the social problem. The cost of living would be cheapened, the possibilities of the community utilized and new opportunities opened for labor. A reform such as this seemed to Mr. Fels the first satisfactory method he had encountered of dealing with the problem of poverty.

It seemed to him, moreover, a natural reform. It would remove restrictions. It would make unnecessary those taxes on commerce which, as Henry George pointed out, prevent the free play of exchange. It would stimulate industry by opening out new opportunities for the efficient use of capital. It would make far easier the collection of revenue by substituting a single and simple method of taxation which would require comparatively little administration, for a number of complex and usually conflicting methods which require a heavy staff of operators. It would lessen to a remarkable degree and even destroy the opportunities by which monopoly and special privilege have attained their present high position in the state. It would be an equal system inasmuch as it assumes that a man should pay for what he possesses of the peculiar benefit in the way of economic privilege that the state can confer, the use of the land. It thus conforms to Adam Smith's canon of taxation that men should contribute to the state "in proportion to the revenue which they respectively enjoy under the protection of the state."

Mirabeau's father was wont to say that the discovery of the principle of land taxation was of an importance equal to that of the invention of writing.

Important as were these economic considerations, it was for reasons of an ethical kind that Mr. Fels embraced the Single Tax doctrine with so whole hearted an enthusiasm. For him, it made possible the approach of a new social morality. It gave each man the opportunity to be himself. It opened out for the first time the well springs of his own nature. It made possible an era of justice. This was for him essentially its greatest recommendation. For he had long been seriously oppressed by the perception that justice was impossible in a social order unjust in its very foundations. A real freedom could come only when the community had acquired the material basis of freedom; and he realized that until that liberty was attained every plea for social fraternity was the veriest hypocrisy. Brotherhood, he said often enough, is only possible among equals. If a condition of life obtains in which the vast majority is dependent upon

a small minority for its daily bread, that economic subjection will result in political enslavement. It was, as he saw, a slavery in everything but name. It was a negation of democracy. It destroyed equality of opportunity. It created unjust distinctions of class. The economic falsehood permeated even the church. Men of religion came to preach that morality was the acceptance of this untruth. It vitiated the system of education. Political economists constructed a code which attempted to weld ever more firmly the worker's chains. That is why Mr. Fels stigmatized the land monopoly as a "God-denying crime." He could see no end to its ramifications. It seemed to penetrate into every nook and cranny of the state. The divorce of men from the soil had been the main source of poverty. They had lost their birthright and it seemed to him that of all tasks by far the noblest was to restore them to their inheritance.

Many who met Mr. Fels after he had become interested in Single Tax were inclined to complain that he thought of nothing else. In a sense this was true, and he gloried in the

complaint. He told how for the first time he had a faith which was compelling and adequate. He had tired of the continual tinkering at social ills. He had wearied of the endless procession of unavailing reforms. Expedients of every kind he had tried. Investigations of every kind had had his sympathy and support. Yet, as he saw, decades of zealous inquiry had not seen beyond the stage of mitigation. The cry for social reform, for better housing, higher wages, shorter hours, all these were so many soporifics to make men willing to endure an order wrong and rotten in its foundation. The cure for poverty, he once said, is its prevention. He hated from the very depths of his being the smug complacency of charitable endeavor. What he wanted was more than a formula of benevolent regret. That is the secret of the devotion he paid to his faith.

It is worth while emphasizing how empirical was Mr. Fels' faith. It was not some sudden revelation of a mystery that had been previously hidden. It came to him after long and careful inquiry, after manifold experiments.

He had tried charitable work. He had supported almost every socialist and labor movement. He had attempted colonizing enterprise. Increasingly he had come to see how clearly the dearth of available land lay at the root of social ills. He saw, too, that the land monopoly was a hydra-headed monster; to cut off any save the central head was but to strengthen and revivify it. It came to him slowly but with the deep conviction that is born of intimate experience, that the cardinal principle in any declaration of social faith must be the destruction of the land monopoly. Everything else seemed to him but the establishment of fine superstructures upon a worthless basis of sand, and, as he once whimsically said, even for that rent had to be paid. He did not put forward the Single Tax as a panacea. He had too much knowledge of the complexity of social life to be thus unintelligent. What he did insistently emphasize was the truth that the time for tinkering at our ills had gone by, that it was vital to set about the building of a new social structure.

With Mr. Fels to realize was to act. Once

the vision had been clearly seen, he set to work to attempt its fulfillment. He made inquiries in every direction to know what work was being done for the Single Tax, who were doing it, how it was being done. He proffered whatever services he could render, time, money, organization, thought, with an eager gladness that put new courage into the hearts of all with whom he came in contact. Unlike the majority in any movement, he contributed not only enthusiasm but also, what was even more important, suggestive ideas. He was so essentially a man of action that in him theory, almost at the birth, crystallized into practice. The thing was urgent, it should be done. There was something infectious in the optimism by which he became possessed. He was, as he conceived, working directly at the main root of social ill. He had been given a key that opened the gate to a new and splendid world.

It is not without significance that to Henry George no less than to Joseph Fels did the inspiration of this work bring content and optimism. Those who knew him found in him

a new purposiveness direct and impressive. The reason is simple. They had both been puzzled by the confusion of the modern social order. They had both, until comparatively well on in years, wandered almost blindly ahead, searching, experimenting, hoping, and yet ever failing to find a real clue to that vast labyrinth. The watch words of a campaign were theirs. They knew that over the gateway to the world of their dream liberty and justice must be written. They knew there was work for them to do; and then there came knowledge of the way. "Liberty," wrote Henry George, "came to a race of slaves crouching under Egyptian whips and led them forth from the House of Bondage. She hardened them in the desert and made them a race of conquerors. The free spirit of the Mosaic law took their thinkers up to heights where they beheld the unity of God, and inspired in their poets strains that yet phrase the highest exaltations of thought." It was the desire to recover the spirit of liberty that took possession of Henry George and, in no less degree, of Joseph Fels. He would help men, in that

fine phrase of Mirns, to share no less in the gain than in the toil of living. The optimism which characterized both George and himself was born of a certainty that his mission was true. To him the axioms of the Single Tax not merely represented the sum of his whole industrial experience, but were the truest description of the economic realities that lie at the bottom of social appearance. Had it been objected to him that these axioms were too simple for the facts they attempted to describe he would have replied that the truth is in its nature a simple thing; it is, he once said, the "rediscovery of the obvious." He believed that social complexity was simply the child of social ill. It was the product of centuries of accumulated economic error. Once we returned to the working of what he called natural law, once we restored to man what was his by right, economists would find that social life would proceed simply, because it would proceed justly. To him the application of Henry George's doctrine meant the restoration of man's natural right. If men are to possess

happiness they must have access to the means of life.

Mr. Fels had always a deep interest in the opposition to the Single Tax and his correspondence, no less than his speeches, is full of comments on its nature. To the argument which has latterly found favor with the most academic and distinguished of his antagonists, that the Single Tax means the abolition of a system of protection to home industries, Mr. Fels would have replied that there was nothing he so ardently desired. It was not only, as he judged, that a protected industry was a parasitic industry, and thus an industry never standing on its own feet by virtue of its native strength, but what to his cosmopolitan temper was far more serious, a protective system was supremely hostile to international fellowship. He pointed out again and again that a nation's trade was the expression of a nation's mind, that the more closely nations enjoy commercial intercourse, the more do they come to understand each other. Free trade, as Cobden—whom he was proud to acclaim as a supporter

of the Single Tax—saw, was thus a means of spreading friendship. By breaking down isolation, it broke down misunderstanding, than which there was no more fertile cause of war.

Perhaps the argument which most puzzled him was the somewhat curious plea that the Single Tax was dangerous because, while the object of the budget is to balance expenditure and revenue, it may produce a surplus. The fear of this surplus he could never understand because he knew how immense were the communal needs to which it could be appropriated. As he once told a questioner, on education alone he would be willing and prepared to spend tenfold the present appropriation. "We have not yet begun to exploit the nation's abilities," he told a friend, "and we can sink plenty of money in finding them out." Indeed it was his eager anxiety to put the plans he cherished into action which made him desirous of increasing the income of the state.

He was often told that the Single Tax was fallacious because it over-simplified the problem of assessment. People were fond of quoting to him cases where property had been

rated either too high or too low as evidence that a true valuation was impossible. But to him this was to neglect the whole point at issue. The advocate of the Single Tax takes as the basis of his estimate the selling value of any piece of land, which is sufficiently easy to ascertain.

There is a last group of objections with which he was frequently confronted. He was sometimes accused of sowing class hatred because he proposed to tax only the land-owning class of the community. It was once urged to him that the payment of taxation confers a sense of social responsibility which the Single Tax would destroy. It gives a certain stake in the community which promotes good government. It was, again, represented to him that the evils borne by the peasantry of France under the ancient régime were largely brought home to them by the unjust burden of taxation they were compelled to bear. Inequitable taxation roused America to revolution. The history of English liberty is a history of a struggle to control the revenue. So that, in this view, taxation ought almost of necessity

to be unfairly imposed to arouse a people to a keener sense of its wrongs. It is curious to find Mr. Fels denounced as a promoter of hatred. Perhaps more than any other man who took part in the stress and heat of the great social conflict of his time, did he have an abiding sense of the ultimate unity of which men are capable. If he cried out against the land-owners it was because they retarded its realization. It was because they prevented the promotion of economic fraternity that he was assured of their danger to the state. To the argument that to abolish taxation is to destroy a sense of social responsibility, he made answer that the spirit taxation breeds is not the spirit that makes a state endure; for him it was tainted with compulsion and was therefore a barrier in the way of freedom. Unjust taxation, he once said, did not cause the American Revolution, but the repression those taxes symbolized. No one can understand the basic motives of his life who does not realize how much of his intense faith in the teaching of Henry George came from this hatred of bondage. The prophecy of eternal poverty

was to him a doctrine of eternal damnation. He had to fight against it because as he said again and again, there was no other fight worth while.

In every man and woman he saw a possible crusader. He made no apology for urging their assistance; he could not understand a lack of enthusiasm for his ideal. If anything in the world aroused in him a sense of bitter antagonism—and it was rarely he could be so aroused—it was the sight of satisfied men and women. "So keen am I in the opinion that we are doing great things these days," he wrote to a friend shortly before his death, "that at the risk of making myself a nuisance I am approaching every man who I believe has money and whom I know to have a heart." It is thus that great movements are made.

It has been pointed out how deeply his business experience confirmed him in his belief. Often he expressed his amazement that the government of cities and nations should be carried on with so little regard to business. "Election to a public office," he wrote, "seems to denude a man of all his business acumen

and cause him to forget all the sound methods which are essential to success in the commercial world." It troubled him to see a system of taxation which had simply grown up by accident, in which there was neither method nor principle. He believed that this confusion lay at the root of public indifference to social questions. Men did not study the problems of communal life simply because an artificial complexity made them seem dull by depriving them of their real vitality. "If a business man is asked," he said, "what principle is adopted in raising the revenue of his city, he will either be quite nonplussed, or else he will blurt out that ancient shibboleth, ability to pay. Imagine him trying to carry on his business on these lines, and yet that is the method we are told to adopt in taxation." This fact made him eager to preach the doctrine to business men. He believed that with them it would make the greatest progress because it was, as he urged, in accordance "with sound and honest business principles." It should make a practical and immediate appeal to manufacturer and worker alike; as he once expressed it, "it

is the key that opens the door of their common interests."

This then was the economic system of Joseph Fels, assuredly no dismal science. He tried to see simply and truly the path that lay ahead. He knew that his belief ran directly counter to accepted tradition. He knew that it cut at the root of convention and prejudice, he knew that realization would lie far beyond his time, but his courage never wavered because what he had he knew to be the truth.