

# HENRY GEORGE

## AND HIS

# SINGLE TAX

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### An appreciation

Were we asked to state in a word what was Henry George's chief contribution to the movement which is the subject of our inquiry, we should answer that it was he who gave it the breath of life. As we have seen, reformers before the time of George had announced the doctrine of the equal right to land and had denounced the private ownership of land. Spencer had suggested land nationalization. Ricardo had developed the theory of economic rent, and Mill had pointed out its peculiar fitness as an object of taxation, even going so far as to advocate the taking by taxation of the whole or the greater part of the future unearned increment.

But whereas, before the time of George, the question was one of little more than academic interest, since his time it has become with thousands of ardent men and women almost a religion. His followers have preached his gospel with missionary zeal and the so-called single tax and the name of Henry George have become known to the remotest corners of the globe. When the contributions of all the pioneers in this movement have been finally assessed, Henry George will be remembered as the prophet, the reformer, the man with a mission.

His life was well calculated to develop the qualities of courage and self-reliance called for by such a career. He was born in Philadelphia in 1839. His formal school training terminated with a few months in the high school when he was less than fourteen years old. He had, however, acquired a taste for reading so that his real education suffered no interruption. Perhaps more important for the work he was to do than any book-learning was his education in the school of life. From the time he left the high school until his death in 1897 experiences were crowded into the span of years which might easily make of him a hero of romance. They included a boy's realized dream of going to sea on a long voyage to India, learning the printer's trade, working his passage to California as ship's steward on a lighthouse steamer, a runaway marriage with the lady of his heart, being without money and without prospects, a struggle against poverty leading him at one time to the verge of desperation.

Then from the obscurity and privation of a journeyman printer and editor of a struggling radical paper, he emerges into the limelight of publicity. He beheld a vision, and conceived himself to have received a divine call to preach the new gospel. In his own words: "Like a flash it came upon me that there was the reason of advancing poverty with advancing wealth. With the growth of population land grows in value, and the men

who work it must pay more for the privilege. I turned back amidst quiet thought to the perception that then came to me and has been with me ever since." Thus he describes his vision, and later, in these words, the consciousness of a divine call: "On the night in which I finished the final chapter of *Progress and Poverty* I felt that the talent entrusted to me had been accounted for—felt more fully satisfied, more deeply grateful than if all the kingdoms of the earth had been laid at my feet."

His vision is first crystallized in to *Our Land and Land Policy*, and later amplified and systematized in *Progress and Poverty*. The sale of the latter book (completed after one year and seven months of intense labor, and at first refused by all publishers) swells into the millions of copies. It is translated into all the principal languages of the globe. He becomes a mighty leader of the people whose eloquence holds multitudes spellbound, and he dies in the midst of a whirlwind campaign for mayor of the greatest city on the continent.

His parents were devoted church people and he himself, though he had said that he cared nothing for creeds, was of an intensely religious temperament. Some chapters of *Progress and Poverty* were written in a spirit of almost apocalyptic fervor, and it was this that gave it its wide currency. It was a beatific vision to the outclassed and disinherited. Its title

indicates the main thought. Science, discovery, invention, all that goes by the name of *progress* were advancing by leaps and bounds, yet the men who toiled the hardest had small share in it. *Poverty* was their lot as it had been the lot of their ancestors before there had been any talk of progress. Why was it? Here was a man who had seen a vision and pointed a way to deliverance. So the people read his works and joined in the new crusade against unjust power and privilege. And in their leader there was no pretense. He believed implicitly in himself and in his gospel.

All these facts must be understood in order to understand *Progress and Poverty*. It is in a sense a theological work as well as an economic textbook. It is, on the one hand, an attempt to reconcile the concept of a beneficent deity with the poverty and misery of mankind, and, on the other hand, to analyze the causes of this same poverty and misery by a coldly intellectual process and find the remedy therefor. It is to show that the cause lies not in the lack of God's bounty, but in man's blindness to natural law.

The proposition which is the subject of this volume is so closely associated with the name of Henry George that the average man never thinks of Henry George without thinking of the single tax and never thinks of the single tax without thinking of Henry George. Yet the doctrine of economic rent and the pro-

priety of recognizing it as the normal revenue of every form of government had been taught before his time and often by much the same line of reasoning. Nevertheless it is by no accident that the honor of discovery is popularly attributed to Henry George. He it was who made the single tax a living issue. By the force of his logic, by his courage, his eloquence, and above all, by the absolute sincerity of his conviction that he had made a discovery not only of a just and natural system of taxation but also of a system which was to usher in a social and economic millennium, he aroused an indifferent world and compelled it to listen to his message. His doctrine had come to him as a vision and he preached it with the absolute self-confidence of one of the Hebrew prophets foretelling the new Jerusalem. It was this that gave him his immense popularity with the masses. He held out to them the promise of deliverance from poverty.

The subjoined extracts from Henry George's works cover the purpose of this pamphlet. "Rent and the Law of Rent" is its text and essence. Those from *Our Land and Land Policy*, which was a distinct forerunner of *Progress and Poverty*, mark the date of his real entrance into the economic arena as 1871 instead of 1879. The chapters of *The Remedy* and *The Canons of Taxation* are those for which he is best known in the taxation field.

# Our land and land policy\*

## Something radical needed

What we want is something which shall destroy the tendency to the aggregation of land, which shall break up present monopolization, and which shall prevent (by doing away with the temptation) future monopolization. And as arbitrary and restrictive laws are always difficult to enforce, we want a measure which shall be equal, uniform, and constant in its operation; a measure which will not restrict enterprise, which will not curtail production, and which will not offend the natural sense of justice.

When our 40,000,000 of people have to raise \$800,000,000 per year for public purposes we cannot have any difficulty in discovering such a remedy in the adjustment of taxation.

### *Taxation of Land Falls Only On Its Owner.*

There is one peculiarity in a land tax. With a few trifling exceptions of no practical importance it is the only tax which must be paid by the holder of the thing taxed. If we impose a tax upon money loaned, the lender will charge it to the borrower and the borrower must pay

\*The Works of Henry George, Doubleday, Page & Co., 1898, Vol. IX, Chap. V, Extracts from pp. 101 to 112.

it, otherwise the money will be sent out of the country for investment, and if the borrower uses it in his business he, in his turn, must charge it to his customers or his business becomes unprofitable. If we impose a tax upon buildings, those who use them must pay it, as otherwise the erection of buildings becomes unprofitable and will cease until rents become high enough to pay the regular profit on the cost of building and the tax besides. But not so with land. Land is not an article of production. Its quality is fixed. No matter how little you tax it there will be no more of it; no matter how much you tax it there will be no less. It can neither be removed nor made scarce by cessation of production. There is no possible way in which owners of land can shift the tax upon the user. And so while the effect of taxation upon all other things is to increase their value, and thus to make the consumer pay the tax—the effect of a tax upon land is to reduce its value—that is, its selling price, as it reduces the profit of its ownership without reducing its supply. It will not, however, reduce its renting price. The same amount of rent will be paid; but a portion of it will now go to the state instead of to the landlord. And were we to impose upon land a tax equal to the whole annual profit of its ownership, land would be worth nothing and might in many cases be abandoned by its owners. But the users would still have to pay as much as before—paying in taxes what they formerly paid

as rent. And reversely, if we were to reduce or take off the taxes on land, the owner, not the user, would get the benefit. Rents would be no higher, but would leave more profit, and the value of land would be more.

### *Land Taxation the Best Taxation.*

The best tax is that which comes nearest to filling the three following conditions:

That it bear as lightly as possible upon production.

That it can be easily and cheaply collected, and cost the people as little as possible in addition to what it yields the government.

That it bear equally—that is, according to the ability to pay.

The tax upon land better fulfills these conditions than any tax it is possible to impose.

1. As we have seen, it does not bear at all upon production—it adds nothing to prices, and does not affect the cost of living.

2. As it does not add to prices, it costs the people nothing in addition to what it yields the government; while as land cannot be hid and cannot be moved, it can be collected with more ease and certainty, and with less expense than any other tax.

3. A tax upon the value of land is the most equal of all taxes, not that it is paid by all in equal amounts, or even in equal amounts upon equal means, but because the



value of land is something which belongs to all, and in taxing land values we are merely taking for the use of the community something which belongs to the community, which by the necessities of our social organization we are obliged to permit individuals to hold.

Of course, in speaking of the value of land, I mean the value of the land itself, not the value of any improvement which has been made upon it—I mean what I believe is sometimes called in England the unearned value of land.

From its very nature it must be apparent that property in land differs essentially from other property, and if the principles I have endeavored to state in the third section of this paper are correct, it must be evident that it is not unjust to impose taxes upon land values which are not imposed on other property. But as the proposition may be somewhat startling, it may be worth while to dwell a little on this point.

#### *Of the Justice of Taxing Land.*

Here is a lot in the central part of San Francisco, which, irrespective of the building upon it, is worth \$100,000. What gives that value? Not what its owner has done but the fact that 150,000 people have settled around it. This lot yields its owner \$10,000 annually. Where does this \$10,000 come from? Evidently from the earnings of the workers of the community, for it can come from nowhere else.

Here is a lot on the outskirts. It is in the same condition in which nature left it. Intrinsically it is worth no more than when there were but a hundred people at Yerba Buena Cove. Then it was worth nothing. Now that there are 150,000 people here and more coming, it is worth \$3000. That is, its owner can command \$3000 worth of the labor or of the wealth of the community. What does he give for this? Nothing, the land was there before he was.

Suppose a community like that of San Francisco, in which land, though in individual hands as now, has no value. Suppose, then, that all at once the land was given a value, of, say, \$150,000,000, which is about the present value of land in San Francisco. What would be the effect? That a tax, of which \$150,000,000 is the capitalized value, would be levied upon the whole community for the benefit of a portion. There would be no more in the community than before, and no greater means of producing wealth. But of that wealth, beyond the share which they formerly had, the landowners would now command \$150,000,000. That is, there would be \$150,000,000 less for other people who were not landholders.

And does not this consideration of the nature and effect of land values go far to explain the puzzling fact that notwithstanding all the economies in production and distribution which a dense population admits, just as a community increases in population and wealth, so does the reward

of the laborer decrease and poverty deepen?

One hundred men settle in a new place. Land has at first little or no value. The net result of their labor is divided pretty equally between them. Each one gets pretty nearly the full value of his contribution to the general stock. The community becomes 100,000. Land has become valuable, its value perhaps aggregating as much as the value of all other property. The production of the community may now be more per capita for each individual who works, but before the division is made, one half of the product must go to the landholders. How then can the laborer get so much as he could in the small community?

Now in this view of the matter—considering land values as an indication of the appropriation (though doubtless the necessary appropriation) of the wealth of all; considering land rentals as a tax upon the labor of the community, is not a tax upon land values the most just and the most equal tax that can be levied? Should we not take that which rightfully belongs to the whole before we take that which rightfully belongs to the individual? Should we not tax upon labor before we tax productive labor itself?

#### *The Effects of Such a Change.*

Consider the effects of the adoption of such a system:

The mere holder of land would be called on to pay just as much taxes as the user of

land. The owner of a vacant city lot would have to pay as much for the privilege of keeping other people off it till he wanted to use it, as his neighbor who has a fine house upon his lot, and is neither using or deriving rent from it. The monopolizer of agricultural land would be taxed as much as though his land were covered with improvements, with crops and with stock.

Land prices would fall; land speculation would receive its death blow; land monopolization would no longer pay. Millions and millions of acres from which settlers are now shut out would be abandoned by their present owners, or sold to settlers on nominal terms. It is only in rare cases that it would pay any one to get land before he wanted to use it, so that those who really wanted to use land would find it easy to get.

## How equal rights to the land may be asserted and secured\*

We have traced the want and suffering that everywhere prevail among the working classes, the recurring paroxysms of industrial depression, the scarcity of employment, the stagnation of capital, the tendency of wages to the starvation point, that exhibit themselves more and more strongly as material progress goes on, to the fact that the land on which and from which all must live is made the exclusive property of some.

We have seen that there is no possible remedy for these evils but the abolition of their cause; we have seen that private property in land has no warrant in justice, but stands condemned as the denial of natural right—a subversion of the law of nature that as social development goes on must condemn the masses of men to a slavery the hardest and most degrading.

We have weighed every objection, and seen that neither on the ground of equity or expediency is there anything to deter us from making land common property by confiscating rent.

But a question of method remains. How shall we do it?

We should satisfy the law of justice, we should meet all economic requirements, by

\*Being Chapter II of Book VIII, *Progress and Poverty*, Doubleday, Page & Co., 1912.

at one stroke abolishing all private titles, declaring all land public property, and letting it out to the highest bidders in lots to suit, under such conditions as would sacredly guard the private right to improvements.

Thus we should secure, in a more complex state of society, the same equality of rights that in a ruder state were secured by equal partitions of the soil, and by giving the use of the land to whoever could procure the most from it, we should secure the greatest production.

Such a plan, instead of being a wild, impracticable vagary, has (with the exception that he suggests compensation to the present holders of land—undoubtedly a careless concession which he upon reflection would reconsider) been indorsed by no less eminent a thinker than Herbert Spencer, who ("Social Statics," Chap. IX, Sec. 8) says of it:

"Such a doctrine is consistent with the highest state of civilization; may be carried out without involving a community of goods, and need cause no very serious revolution in existing arrangements. The change required would simply be a change of landlords. Separate ownership would merge into the joint-stock ownership of the public. Instead of being in the possession of individuals, the country would be held by the great corporate body—society. Instead of leasing his acres from an isolated proprietor, the farmer would lease them from the nation. Instead of paying his rent to the agent of Sir John or his Grace, he would pay it to an agent or deputy agent of the community. Stewards would be public officials instead of private ones, and tenancy the only land tenure. A state of things so ordered would be in perfect harmony with the moral law. Under it all men would be equally landlords, all men would be alike free to become tenants. \* \* \* Clearly, therefore, on such a system, the earth might be inclosed, occupied, and cultivated, in entire subordination to the law of equal freedom."

But such a plan, though perfectly feasible, does not seem to me the best. Or rather I propose to accomplish the same thing in a simpler, easier, and quieter way than that of formally confiscating all the land and formally letting it out to the highest bidders.

To do that would involve a needless shock to present customs and habits of thought—which is to be avoided.

To do that would involve a needless extension of governmental machinery—which is to be avoided.

It is an axiom of statesmanship, which the successful founders of tyranny have understood and acted upon—that great changes can best be brought about under old forms. We, who would free men, should heed the same truth. It is the natural method. When nature would make a higher type, she takes a lower one and develops it. This, also, is the law of social growth. Let us work by it. With the current we may glide fast and far. Against it, it is hard pulling and slow progress.

I do not propose either to purchase or to confiscate private property in land. The first would be unjust; the second, needless. Let the individuals who now hold it still retain, if they want to, possession of what they are pleased to call *their* land. Let them continue to call it *their* land. Let them buy and sell, and bequeath and devise it. We may safely leave them the shell, if we take the kernel. *It is not necessary to*

*confiscate land, it is only necessary to confiscate rent.*

Nor to take rent for public uses is it necessary that the state should bother with the letting of lands, and assume the chances of the favoritism, collusion, and corruption this might involve. It is not necessary that any new machinery should be created. The machinery already exists. Instead of extending it, all we have to do is to simplify and reduce it. By leaving to land owners a percentage of rent which would probably be much less than the cost and loss involved in attempting to rent lands through state agency, and by making use of this existing machinery, we may, without jar or shock, assert the common right to land by taking rent for public uses.

We already take some rent in taxation. We have only to make some changes in our modes of taxation to take it all.

What I, therefore, propose as the simple yet sovereign remedy which will raise wages, increase the earnings of capital, extirpate pauperism, abolish poverty, give remunerative employment to whoever wishes it, afford free scope to human powers, lessen crime, elevate morals and taste and intelligence, purify government and carry civilization to yet nobler heights, is—to *appropriate rent by taxation.*

In this way the State may become the universal landlord without calling herself so, and without assuming a single new function. In form, the ownership of land would remain just as now. No owner of



land need be dispossessed, and no restriction need be placed upon the amount of land any one could hold. For, rent being taken by the State in taxes, land, no matter in whose name it stood or in what parcels it was held, would be really common property, and every member of the community would participate in the advantages of its ownership.

Now, insomuch as the taxation of rent, or land values, must necessarily be increased just as we abolish other taxes, we may put the proposition into practical form by proposing—

*To abolish all taxation save that  
upon land values.*

As we have seen, the value of land is at the beginning of society nothing, but as society develops by the increase of population and the advance of the arts, it becomes greater and greater. In every civilized country, even the newest, the value of the land taken as a whole is sufficient to bear the entire expenses of government. In the better developed countries it is much more than sufficient. Hence it will not be enough merely to place all taxes upon the value of land. It will be necessary, where rent exceeds the present governmental revenues, commensurately to increase the amount demanded in taxation, and to continue this increase as society progresses and rent advances. But this is so natural and easy a matter, that it may be con-

sidered as involved, or at least understood, in the proposition to put all taxes on the value of land. That is the first step, upon which the practical struggle must be made. When the hare is once caught and killed, cooking him will follow as a matter of course. When the common right to land is so far appreciated that all taxes are abolished save those which fall upon rent, there is no danger of much more than is necessary to induce them to collect the public revenues being left to individual landholders.

Experience has taught me (for I have been for some years endeavoring to popularize this proposition) that wherever the idea of concentrating all taxation upon land values finds lodgment sufficient to induce consideration, it invariably makes way, but that there are few of the classes most to be benefited by it, who at first, or even for a long time afterward, see its full significance and power. It is difficult for workingmen to get over the idea that there is a real antagonism between capital and labor. It is difficult for small farmers and homestead owners to get over the idea that to put all taxes on the value of land would be unduly to tax them. It is difficult for both classes to get over the idea that to exempt capital from taxation would be to make the rich richer, and the poor poorer. These ideas spring from confused thought. But behind ignorance and prejudice there is a powerful interest, which has hitherto dominated literature, education,

and opinion. A great wrong always dies hard, and the great wrong which in every civilized country condemns the masses of men to poverty and want, will not die without a bitter struggle.

I do not think the ideas of which I speak can be entertained by the reader who has followed me thus far; but inasmuch as any popular discussion must deal with the concrete, rather than with the abstract, let me ask him to follow me somewhat further, that we may try the remedy I have proposed by the accepted canons of taxation. In doing so, many incidental bearings may be seen that otherwise might escape notice.

## The proposition tried by the canons of taxation\*

The best tax by which public revenues can be raised is evidently that which will closest conform to the following conditions:

1. That it bear as lightly as possible upon production—so as least to check the increase of the general fund from which taxes must be paid and the community maintained.

2. That it be easily and cheaply collected, and fall as directly as may be upon the ultimate payers—so as to take from the people as little as possible in addition to what it yields the government.

3. That it be certain—so as to give the least opportunity for tyranny or corruption on the part of officials, and the least temptation to law-breaking and evasion on the part of the taxpayers.

4. That it bear equally—so as to give no citizen an advantage or put any at a disadvantage, as compared with others.

Let us consider what form of taxation best accords with these conditions. Whatever it be, that evidently will be the best mode in which the public revenues can be raised.

\*Being Chapter III of Book VIII, *Progress and Poverty*, Doubleday, Page & Co., 1912.

*I.—The Effect of Taxes upon Production.*

All taxes must evidently come from the produce of land and labor, since there is no other source of wealth than the union of human exertion with the material and forces of nature. But the manner in which equal amounts of taxation may be imposed may very differently affect the production of wealth. Taxation which lessens the reward of the producer necessarily lessens the incentive to production; taxation which is conditioned upon the act of production, or the use of any of the three factors of production, necessarily discourages production. Thus taxation which diminishes the earnings of the laborer or the returns of the capitalist tends to render the one less industrious and intelligent, the other less disposed to save and invest. Taxation which falls upon the processes of production interposes an artificial obstacle to the creation of wealth. Taxation which falls upon labor as it is exerted, wealth as it is used as capital, and as it is cultivated, will manifestly tend to discourage production much more powerfully than taxation to the same amount levied upon laborers, whether they work or play, upon wealth whether used productively or unproductively, or upon land whether cultivated or left waste.

The mode of taxation is, in fact, quite as important as the amount. As a small burden badly placed may distress a horse that could carry with ease a much larger one properly adjusted, so a people may be

impoverished and their power of producing wealth destroyed by taxation which, if levied in another way, could be borne with ease. A tax on date trees, imposed by Mohammed Ali, caused the Egyptian fellahs to cut down their trees; but a tax of twice the amount imposed on the land produced no such result. The tax of ten per cent on all sales, imposed by the Duke of Alva in the Netherlands, would, had it been maintained, have all but stopped exchange while yielding but little revenue.

But we need not go abroad for illustrations. The production of wealth in the United States is largely lessened by taxation which bears upon its processes. Ship-building, in which we excelled, has been all but destroyed so far as the foreign trade is concerned, and many branches of production and exchange seriously crippled, by taxes which divert industry from more to less productive forms.

This checking of production is in greater or less degree characteristic of most of the taxes by which the revenues of modern governments are raised. All taxes upon manufactures, all taxes upon commerce, all taxes upon capital, all taxes upon improvements, are of this kind. Their tendency is the same as that of Mohammed Ali's tax on date trees, though their effect may not be so clearly seen.

All such taxes have a tendency to reduce the production of wealth, and should, therefore, never be resorted to when it is possible to raise money by taxes which do

not check production. This becomes possible as society develops and wealth accumulates. Taxes which fall upon ostentation would simple turn into the public treasury what otherwise would be wasted in vain show for the sake of show; and taxes upon wills and devises of the rich would probably have little effect in checking the desire for accumulation, which, after it has fairly got hold of a man, becomes a blind passion. But the great class of taxes from which revenue may be derived without interference with production are taxes upon monopolies—for the profit of monopoly is in itself a tax levied upon production, and to tax it is simply to divert into the public coffers what production must in any event pay.

There are among us various sorts of monopolies. For instance, there are the temporary monopolies created by the patent and copyright laws. These it would be extremely unjust and unwise to tax, inasmuch as they are but recognitions of the right of labor to its intangible productions, and constitute a reward held out to invention and authorship.\* There are also the onerous monopolies alluded to in

\*Following the habit of confounding the exclusive right granted by a patent and that granted by a copyright as recognitions of the right of labor to its intangible productions, I in this fell into error which I subsequently acknowledged and corrected in the *Standard* of June 23, 1888. The two things are not alike, but essentially different. The copyright is not a right to the exclusive use of a fact, an idea, or a combination, which by the natural law of property all are free to use; but only to the labor expended in the thing itself. It does not prevent any one from using for himself the facts, the knowledge, the laws or combinations for a

Chapter IV of Book III, which result from the aggregation of capital in businesses which are of the nature of monopolies. But while it would be extremely difficult, if not altogether impossible, to levy taxes by general law so that they would fall exclusively on the returns of such monopoly and not become taxes on production or exchange, it is much better that these monopolies should be abolished. In large part they spring from legislative commission or omission, as, for instance, the ultimate reason that San Francisco merchants are compelled to pay more for goods sent direct from New York to San Francisco by the Isthmus route than it costs to ship them from New York to Liverpool or Southampton and thence to San Francisco,

similar production, but only from using the identical form of the particular book or other production—the actual labor which has in short been expended in producing it. It rests therefore upon the natural, moral right of each one to enjoy the products of his own exertion, and involves no interference with the similar right of any one else to do likewise.

The patent, on the other hand, prohibits any one from doing a similar thing, and involves, usually for a specified time, an interference with the equal liberty on which the right of ownership rests. The copyright is therefore in accordance with the moral law—it gives to the man who has expended the intangible labor required to write a particular book or paint a picture security against the copying of that identical thing. The patent is in defiance of this natural right. It prohibits others from doing what has been already attempted. Every one has a moral right to think what I think, or to perceive what I perceive, or to do what I do—no matter whether he gets the hint from me or independently of me. Discovery can give no right of ownership, for whatever is discovered must have been already here to be discovered. If a man makes a wheelbarrow, or a book, or a picture, he has a moral right to that particular wheelbarrow, or book, or picture, but no right to ask that others be prevented from making similar things. Such a prohibition, though given for the purpose of stimulating discovery and invention, really in the long run operates as a check upon them.



is to be found in the "protective" laws which make it so costly to build American steamers and which forbid foreign steamers to carry goods between American ports. The reason that residents of Nevada are compelled to pay as much freight from the East as though their goods were carried to San Francisco and back again, is that the authority which prevents extortion on the part of a hack driver is not exercised in respect to a railroad company. And it may be said generally that businesses which are in their nature monopolies are properly part of the functions of the State, and should be assumed by the State. There is the same reason why Government should carry telegraphic messages as that it should carry letters; that railroads should belong to the public as that common roads should.

But all other monopolies are trivial in extent as compared with the monopoly of land. And the value of land expressing a monopoly, pure and simple, is in every respect fitted for taxation. That is to say, while the value of a railroad or telegraph line, the price of gas or of a patent medicine, may express the price of monopoly, it also expresses the exertion of labor and capital; but the value of land, or economic rent, as we have seen, is in no part made up from these factors, and expresses nothing but the advantage of appropriation. Taxes levied upon the value of land cannot check production in the slightest degree, until they exceed rent, or the value of land taken

annually, for unlike taxes upon commodities, or exchange, or capital, or any of the tools or processes of production, they do not bear upon production. The value of land does not express the reward of production, as does the value of crops, of cattle, of buildings, or any of the things which are styled personal property and improvements. It expresses the exchange value of monopoly. It is not in any case the creation of the individual who owns the land; it is created by the growth of the community. Hence the community can take it all without in any way lessening the incentive to improvement or in the slightest degree lessening the production of wealth. Taxes may be imposed upon the value of land until all rent is taken by the State, without reducing the wages of labor or the reward of capital one iota, without increasing the price of a single commodity or making production in any way more difficult.

But more than this. Taxes on the value of land not only do not check production as do most other taxes, but they tend to increase production, by destroying speculative rent. How speculative rent checks production may be seen not only in the valuable land withheld from use, but in the paroxysms of industrial depression which, originating in the speculative advance in land values, propagate themselves over the whole civilized world, everywhere paralyzing industry, and causing more waste and probably more suffering than would a

general war. Taxation which would take rent for public uses would prevent all this; while if land were taxed to anything near its rental value, no one could afford to hold land that he was not using, and consequently land not in use would be thrown open to those who would use it. Settlement would be closer, and consequently labor and capital would be enabled to produce much more with the same exertion. The dog in the manger who, in this country especially, so wastes productive power would be choked off.

There is yet an even more important way by which, through its effect upon distribution, the taking of rent to public uses by taxation would stimulate the production of wealth. But reference to that may be reserved. It is sufficiently evident that with regard to production, the tax upon the value of land is the best tax that can be imposed. Tax manufactures, and the effect is to check manufacturing; tax improvements, and the effect is to lessen improvement; tax commerce, and the effect is to prevent exchange; tax capital, and the effect is to drive it away. But the whole value of land may be taken in taxation, and the only effect will be to stimulate industry, to open new opportunities to capital, and to increase the production of wealth.

## II.—As to Ease and Cheapness of Collection.

With, perhaps, the exception of certain licenses and stamp duties, which may be made almost to collect themselves, but which can be relied on for only a trivial amount of revenue, a tax upon land values can, of all taxes, be most easily and cheaply collected. For land cannot be hidden or carried off; its value can be readily ascertained, and the assessment once made, nothing but a receiver is required for collection.

And as under all fiscal systems some part of the public revenues is collected from taxes on land, and the machinery for that purpose already exists and could as well be made to collect all as a part, the cost of collecting the revenue now obtained by other taxes might be entirely saved by substituting the tax on land values for all other taxes. What an enormous saving might thus be made can be inferred from the horde of officials now engaged in collecting these taxes.

This saving would largely reduce the difference between what taxation now costs the people and what it yields, but the substitution of a tax on land values for all other taxes would operate to reduce this difference in an even more important way.

A tax on land values does not add to prices, and is thus paid directly by the persons on whom it falls; whereas, all taxes upon things of unfixed quantity

increase prices, and in the course of exchange are shifted from seller to buyer, increasing as they go. If we impose a tax upon money loaned, as has been often attempted, the lender will charge the tax to the borrower, and the borrower must pay it or not obtain the loan. If the borrower uses it in his business, he in his turn must get back the tax from his customers, or his business becomes unprofitable. If we impose a tax upon buildings, the users of buildings must finally pay it, for the erection of buildings will cease until building rents become high enough to pay the regular profit and the tax besides. If we impose a tax upon manufactures or imported goods, the manufacturer or importer will charge it in a higher price to the jobber, the jobber to the retailer, and the retailer to the consumer. Now, the consumer, on whom the tax thus ultimately falls, must not only pay the amount of the tax, but also a profit on this amount to every one who has thus advanced it—for profit on the capital he has advanced in paying taxes is as much required by each dealer as profit on the capital he has advanced in paying for goods. Manila cigars cost, when bought of the importer in San Francisco, \$70 a thousand, of which \$14 is the cost of the cigars laid down in this port and \$56 is the customs duty. But the dealer who purchases these cigars to sell again must charge a profit not on \$14, the real cost of the cigars, but on \$70, the cost of the cigars plus the duty. In this

way all taxes which add to prices are shifted from hand to hand, increasing as they go, until they ultimately rest upon consumers, who thus pay much more than is received by the government. Now, the way taxes raise prices is by increasing the cost of production, and checking supply. But land is not a thing of human production, and taxes upon rent cannot check supply. Therefore, though a tax on rent compels the land owners to pay more, it gives them no power to obtain more for the use of their land, as it in no way tends to reduce the supply of land. On the contrary, by compelling those who hold land on speculation to sell or let for what they can get, a tax on land values tends to increase the competition between owners, and thus to reduce the price of land.

Thus in all respects a tax upon land values is the cheapest tax by which a large revenue can be raised—giving to the government the largest net revenue in proportion to the amount taken from the people.

### *III.—As to Certainty.*

Certainty is an important element in taxation, for just as the collection of a tax depends upon the diligence and faithfulness of the collectors and the public spirit and honesty of those who are to pay it, will opportunities for tyranny and corruption be opened on the one side, and for evasions and frauds on the other.

The methods by which the bulk of our

revenues are collected are condemned on this ground if on no other. The gross corruptions and fraud occasioned in the United States by the whisky and tobacco taxes are well known; the constant undervaluations of the Custom House, the ridiculous untruthfulness of income tax returns, and the absolute impossibility of getting anything like a just valuation of personal property, are matters of notoriety. The material loss which such taxes inflict—the item of cost which this uncertainty adds to the amount paid by the people but not received by the government—is very great. When, in the days of the protective system of England, her coasts were lined with an army of men endeavoring to prevent smuggling, and another army of men were engaged in evading them, it is evident that the maintenance of both armies had to come from the produce of labor and capital; that the expenses and profits of the smugglers, as well as the pay and bribes of the Custom House officers, constituted a tax upon the industry of the nation, in addition to what was received by the government. And so, all *douceurs* to assessors; all bribes to customs officials; all moneys expended in electing pliable officers or in procuring acts or decisions which avoid taxation; all the costly modes of bringing in goods so as to evade duties, and of manufacturing so as to evade imposts; all moieties, and expenses of detectives and spies; all expenses of legal proceedings and punishments, not only to the government,

but to those prosecuted, are so much which these taxes take from the general fund of wealth without adding to the revenue.

Yet this is the least part of the cost. Taxes which lack the element of certainty tell most fearfully upon morals. Our revenue laws as a body might well be entitled, "Acts to promote the corruption of public officials, to suppress honesty and encourage fraud, to set a premium upon perjury and the subornation of perjury, and to divorce the idea of law from the idea of justice." This is their true character, and they succeed admirably. A Custom House oath is a byword; our assessors regularly swear to assess all property at its full, true, cash value, and habitually do nothing of the kind; men who pride themselves on their personal and commercial honor bribe officials and make false returns; and the demoralizing spectacle is constantly presented of the same court trying a murderer one day and a vender of unstamped matches the next!

So uncertain and so demoralizing are these modes of taxation that the New York Commission, composed of David A. Wells, Edwin Dodge, and George W. Cuyler who investigated the subject of taxation in that state, proposed to substitute for most of the taxes now levied, other than that on real estate, an arbitrary tax on each individual, estimated on the rental value of the premises he occupied.

But there is no necessity of resorting to any arbitrary assessment. The tax on



land values, which is the least arbitrary of taxes, possesses in the highest degree the element of certainty. It may be assessed and collected with a definiteness that partakes of the immovable and unconcealable character of the land itself. Taxes levied on land may be collected to the last cent, and though the assessment of land is now often unequal, yet the assessment of personal property is far more unequal, and these inequalities in the assessment of land largely arise from the taxation of improvements with land, and from the demoralization that, springing from the causes to which I have referred, affects the whole scheme of taxation. Were all taxes placed upon land values, irrespective of improvements, the scheme of taxation would be so simple and clear, and public attention would be so directed to it, that the valuation of taxation could and would be made with the same certainty that a real estate agent can determine the price a seller can get for a lot.

#### *IV.—As to Equality.*

Adam Smith's canon is, that "the subjects of every state ought to contribute toward the support of the government as nearly as possible in proportion to their respective abilities; that is, in proportion to the revenue which they respectively enjoy under the protection of the state." Every tax, he goes on to say, which falls only upon rent, or only upon wages, or only upon interest, is necessarily unequal.

In accordance with this is the common idea which our systems of taxing everything vainly attempt to carry out—that every one should pay taxes in proportion to his means, or in proportion to his income.

But, waiving all the insuperable practical difficulties in the way of taxing every one according to his means, it is evident that justice cannot be thus attained.

Here, for instance, are two men of equal means, or equal incomes, one having a large family, the other having no one to support but himself. Upon these two men indirect taxes fall very unequally, as the one cannot avoid the taxes on the food, clothing, etc., consumed by his family, while the other need pay only upon the necessities consumed by himself. But, supposing taxes levied directly, so that each pays the same amount. Still there is injustice. The income of the one is charged with the support of six, eight, or ten persons; the income of the other with that of but a single person. And unless the Malthusian doctrine be carried to the extent of regarding the rearing of a new citizen as an injury to the state, here is a gross injustice.

But it may be said that this is a difficulty which cannot be got over; that it is Nature herself that brings human beings helpless into the world and devolves their support upon the parents, providing in compensation therefor her own sweet and great rewards. Very well, then, let us turn to Nature, and read the mandates of justice in her law.

Nature gives to labor, and to labor alone. In a very Garden of Eden a man would starve but for human exertion. Now, here are two men of equal incomes—that of the one derived from the exertion of his labor, that of the other from the rent of land. Is it just that they should equally contribute to the expenses of the state? Evidently not. The income of the one represents wealth he creates and adds to the general wealth of the state; the income of the other represents merely wealth that he takes from the general stock, returning nothing. The right of the one to the enjoyment of his income rests on the warrant of nature, which returns wealth to labor; the right of the other to the enjoyment of his income is a mere fictitious right, the creation of municipal regulation, which is unknown and unrecognized by nature. The father who is told that from his labor he must support his children must acquiesce, for such is the natural decree; but he may justly demand that from the income gained by his labor not one penny shall be taken, so long as a penny remains of incomes which are gained by a monopoly of the natural opportunities which Nature offers impartially to all, and in which his children have as their birthright an equal share.

Adam Smith speaks of incomes as “enjoyed under the protection of the state;” and this is the ground upon which the equal taxation of all species of property is commonly insisted upon—that it is equally protected by the state. The basis of this

idea is evidently that the enjoyment of property is made possible by the state—that there is a value created and maintained by the community, which is justly called upon to meet community expenses. Now, of what values is this true? Only of the value of land. This is a value that does not arise until a community is formed, and that, unlike other values, grows with the growth of the community. It exists only as the community exists. Scatter again the largest community, and land, now so valuable, would have no value at all. With every increase of population the value of land rises; with every decrease it falls. This is true of nothing else save of things which, like the ownership of land, are in their nature monopolies.

The tax upon land values is, therefore, the most just and equal of all taxes. It falls only upon those who receive from society a peculiar and valuable benefit, and upon them in proportion to the benefit they receive. It is the taking by the community, for the use of the community, of that value which is the creation of the community. It is the application of the common property to common uses. When all rent is taken by taxation for the needs of the community, then will the equality ordained by nature be attained. No citizen will have an advantage over any other citizen save as is given by his industry, skill, and intelligence; and each will obtain what he fairly earns. Then, but not till then, will labor get its full reward, and capital its natural return.