

Frank Leslie's Illustrated Newspaper November 15, 1890

The Single Tax

Does Any Fellow Know What It Is, On Who is to Pay It, Or Why? And If Not, Why Not?

IN a recent number of The Century there was a discussion of an alleged "single tax" question, in apparently full faith on the part of both disputants that such a question exists, and that the public knows of its existence and has some apprehension of its nature. The disputants were Mr. Edward Atkinson, who is believed to stand in some relation of superintendence or employment in the manufacture of some sort of cotton goods, and Mr. Henry George, who is reputed to be, if not the inventor, at least the patentee and largest proprietary manufacturer of a notion known in the market as "The Single Tax."

Mr. Atkinson makes a labored argument against the Single Tax, under the impression that it is a tax upon land; denounces it for the supposed faults it would possess if it were a tax upon land, but gives it full credit for being a genuine tax of some kind, which he assumes to be collectible like our present taxes upon land, by sale of the land and its improvements, and differing only or chiefly from our present tax on land in being enough larger in amount to considerably more than equal all our present sources of revenue combined. Still, whether it may not be, like the English rates, a personal tax on occupation or ownership, collectible like a personal debt by process issued against goods and chattels, he does not, after all, clearly say. He regards it as identical with something that was advocated by Quesnay and the Physiocrat School of Economists in France, and was actually enacted into law and put in practice as a finance measure by Turgot, Minister, prior to the French Revolution, with the most disastrous consequences. To this last point he cites as a witness Mr. Horace White, who has proved up this portion of the case in an article in the Popular Science Monthly for February last.

Of course it is implied throughout Mr. Atkinson's article that he has consulted all the accessible means of finding out what the single tax really is, including anything that Mr. George may have written on the point. and speaks, after carefully sounding M. Quesnay, Mr. George, Mr. Horace White, M. Turgot, the Physiocrats, the supposed consequences of the alleged trial of the single tax in France prior to the French

Revolution, etc.. etc.

To all this Mr. George replies, with explicit comprehensiveness, that Mr. Atkinson does not know what the single tax is.

This revelation has a certain verbal significance, as it implies that Horace White may not know what the single tax is, was, or would be, if it were anything, and that Quesnay, Turgot, and the Physiocrats may not have known what it was, and hence that the French nation may have unnecessarily gone to ruin under the impression that it knew what the single tax was when it did not. If none of these knew what the single tax would be. possibly Dr. Mt-Glynn and Mr. Pentecost and Dr. Burtzell may not know. Possibly even the Archbishop and the Pope do not. And thus our friends are being damned all around as for not apprehending the incomprehensible, while others are being saved who comprehend it just as little.

Mr. George avers that the single tax is not a tax on land at all, nor upon any physical portion of land, but simply and solely upon the values of land, which reduces it to a tax upon the esteem or sense of value in which land is held. To make this more clear, he says he desires to tax its economic rent only, or that portion of the value of the land which it derives from its quality of superiority to other land. whether such superiority arise from its superior fertility or from its superior location with reference to the growth and development of society. The superiority of one lot over another of the same size is what the single tax would tax, and it would tax nothing else. It holds the taxation of land itself in abhorrence, and it expressly forbids that any tax shall rest on any improvement on land, and still less upon any product of the labor performed upon it. In the language of Mr. George himself — who has a larger and more varied assortment of "the single tax" on hand and in stock than any other dealer in the notion — it is a tax only on "that value which remains in a centrally-located city lot after the building on it has become of so little value that it is bought to be torn down;" again, "in taxing buildings or other products of labor, we take from the individual what individual exertion produced, thus impairing the natural reward of exertion, and checking the springs of general wealth. But in taxing land values we take from the individual what is brought by social growth; we simply apply to the use of the community what non-producers would appropriate."

Mr. George evidently supposes that there is one economic cause for the value in the

ground and another for that in the building. That while the public demand gives value to the ground, it does not to the building, but that whoever erects a building creates also the value. i. e., the desire which others will have to possess or occupy it. Thus, value in Mr. George's mind has two opposite sources—sometimes it springs from the producer's efforts. sometimes from the consumer's desires. If he thought that all values are "brought by social growth," and consist in social desire or demand. and that in this respect the value of a vacant lot in a city does not differ from the value of a book— "Progress and Poverty." for instance—then he would infer that whatever ethical principle calls for taxing land to the value of its economic rent also justifies taxing books to the value of the author's royalty. Both values consist in a social esteem which arises. or fails to arise, in the minds of men long after the author's work has ceased, and by virtue often of accidents and incidents to which, even its author's foreknowledge does not extend.

When Mr. George's labor in writing "Progress and Poverty" was done, it had as yet no pecuniary value. The manuscript was offered to various publishers. who would have been specially glad to publish it if they had recognized in it a prospect of pecuniary return. It came from the printer nearly as valueless as Crusoe's boat. which he had no mode of getting to the water. Copy by copy it dribbled out to the public. until its vein of subtle flattery to the unsuccessful in life kindled a fire of social esteem. and called for more copies of the book. Each man who discovered through it that it was not his own fault but his landlords that he was an underling hastened to apprise his neighbors of the glad tidings of confiscation — the no-rent New Jerusalem. Hosannas to him who cometh with the gospel that communistic robbery is political economy!

This vein of flattery to all who have failed gives it a pecuniary value. But the value was a gradual social movement arising in the minds of others than its author, long after its author's work upon the book had ceased. It did not differ in kind from the social movement by which lots on Broadway exceed in value those at Communipaw.

That values of all commodities are created by social demand, and not by the same labor that creates the commodity itself, is a truth which, if Henry George had perceived, he could not have written "Progress and Poverty." That he did not perceive it is shown in every definition he gives of value. He says: "Here is a building which, irrespective of the land it stands on, is worth five thousand dollars; and here

is a piece of land which without any improvement on it is also worth five thousand dollars." Whether the value of the building "irrespective of the land it stands on" can be worth five thousand dollars, may be easily tested by imagining it suddenly transferred to the most northern cape of Alaska, where the same building would be absolutely worthless, or to a vacant lot worth one hundred thousand dollars, in which case this very building might acquire, if irremovable, a value of five hundred thousand dollars, by its increased rental.

Mr. George's assumption that there can be a building which has "a value irrespective of the land it stands on" is plainly an error.

If he should recognize all values, whether in physical or intellectual commodities or in land, as consisting in esteem, and as being therefore a part of the mental state of those who seek the commodity for consumption or the land for use, he would see the same propriety in taxing all other commodities up to their full value as in taxing the value of land up to the point of its final extinction. If it is the social esteem which the "single taxers" feel for the book "Progress and Poverty" which causes that book today to have a pecuniary value, no part of which had yet attached to the manuscript work when it came from the hands of its author, "why should not those who make the value own it 'F'

The single tax, according to both Mr. Atkinson and Mr. George, reaches the point of "theoretical perfection" when it causes land to have no selling value. And the "selling value" which it eliminates is, says Mr. George, exactly "that value which remained in the land of Johnstown after every improvement had been hurled into awful heaps of debris; that value left in the business part of Lynn lately swept by fire."

The value left in Johnstown after the flood, and in Lynn after the fire, could only result from the prospective advantage which the sufferers could see in rebuilding, as compared with moving away and leaving the ruins as silent and valueless as the ruins of ancient Troy. The single tax, we are told, would have stripped the sufferers of all inducement to build! Truly, as a recipe for abolishing poverty would not this gospel verge on the sublime!

After fire and flood have done their utmost, after destruction and death have wrought a horror which sends every pair of clinched hands heavenward in grief, and when only the dying embers of hope remain in the human breast, the single tax, in

the name of the new era and of a great economic dispensation, kindly sponges out whatever value may consist in lingering hope!

We have thus far assumed that Henry George knows what the single tax is. It is a tax upon the expectation, faith or confidence a man has that it will pay to build upon a vacant lot, up to the figure that will destroy that expectation or confidence, and so extinguish its value by taxation. It is not like a tax on a ship, but rather like a tax on the wind that propels the ship. It is a tax on a prospective profit, perceived in investments, sufficient to extinguish the possibility of profit and the motive to invest. The only value in a vacant lot being the prospective value foreseen to be derivable from its use and from the use of the improvements to be put on it, if it could not be improved or used it could have no value, present or prospective, and could not be made the possible subject of taxation.

Economic rent of land is the annual value which one possessing it can charge one not possessing it for the privilege of putting improvements on it and of enjoying their use, and which one not in possession will pay rather than forego the profit he expects to derive from such a use. The single tax, therefore, is not a tax upon a piece of land, but upon a hope of profit. If you touch the land itself for the improvements with your tax, it is no single tax.

Henry George has never yet defined or apparently “thought out” his specific so as to show where its actual “incidence” would rest. This would depend on the means prescribed for collecting the tax. If these means of collection are to consist in a sale of the title to the fund and its improvements, as is usual nearly everywhere in America, except, I believe, in Pennsylvania, then it would be a tax on both the title to the land and to its improvements, and this would defeat so much of George's alleged theory, but actual juggle, as provides that neither the land nor its improvements shall be taxed.

If, however, the means of collection are not to include a power to sell either the land itself or the improvements, either in fee, or for a term, or until the tax is paid, then so much of George's juggle as promises that neither the land nor the improvements shall be taxed will indeed remain intact. but who will pay the tax? If in default of any redress in rem against the land or its improvements it be made a personal debt of the occupant, and collectible by suit, or by distress against his goods and chattels,

like the English rates, then it is in its first incidence a tax on occupancy and not on ownership at all. It would then rest on the tenant and not on the landlord.

If, finally, it be made a personal debt of the owner, then if he has no other personal property, a condition easily arrived at, it could not be collected at all.

A leading cry of the single-taxers is that all taxes on personal property are iniquitous and should be abolished because the personal property cannot be honestly found.

To make the single tax on land values collectible, therefore, by issuing a process for its collection from the personal property of the owner. as would have to be done if it were made a personal debt merely, and the right to sell land and improvements were withheld, would be a most lame and impotent conclusion, fundamentally contradictory to the whole pretended intent and spirit of Mr. George's teachings.

In a discussion which I had in the *Standard* with Mr. Thomas G. Shearman several years ago, in which I stated this point, Mr. Shearman replied by citing "ferry leases" as instances wherein a ground rent is made perpetually collectible, without reserving any right to sell or take possession of anything upon which the rent is paid. It is sufficient to say, however, that, on the face of things, a lease on which there is no right in the event of non-payment of rent to re-enter or take possession or sell the thing on which rent is paid is void, and nowhere, either on ferries or elsewhere, does anybody pay rent on such a lease.

Another mode in which the single-tax proposition commits *felo de se* in its very statement is that, by its terms, it is perpetually to rest on a value which, by its terms, it has by its act of resting absolutely extinguished. How can any revenue arise from that which the revenue is expressly laid to extinguish, and does at the outset forever extinguish so far as it acts in a manner "theoretically perfect." *Ex nihilo nihil fit*. Tax economic rent out of existence and what remains for a tax on economic rent to rest upon?

Let us suppose, therefore, the single tax to be duly enacted into law, and that the statute reads as follows:

"I. Be it enacted that all taxes on land and its improvements, on labor and all its

incomes, processes and products, including importation, exportation, manufacture. sale, descent and transmission by will, are hereby abolished, and in lieu thereof there shall be but one tax, viz., on economic rent, which is hereby defined to be the value of the expectation of profit which can be asked or obtained for the privilege of possessing, improving, and occupying land.

"2. In the sales to be made as a penalty for the non-payment of the tax no purchaser will be regarded as obtaining any private or exclusive title to the land or to its improvements. or to any product of any labor to be performed thereon.

"3. The exact thing which in sales for this tax every purchaser will buy will be the title to that which by the operation of this act is extinguished, viz., economic rent, being the value of the prospect of being permitted .to improve. use, and occupy the land, remaining after the full value of such prospect of improvement, use, and occupation has been extinguished by taxation." .

Imagine the writ issued to the tax-collector, and imagine that tax-collector to be Mr. Edward Atkinson. He has certified in an article in *The Century* that many hundreds of millions of dollars could be collected under the single tax ; that it is a veritable tax on land. But its author denies that it is a tax either on land or on its improvements.

Therefore Mr. Edward Atkinson, tax-collector, steps into the auctioneer's desk and says:

"Gentlemen, I will now proceed to sell the economic rent which will pertain to lot No. 1 State Street. Boston, when its economic rent shall have been extinguished by taxation. How much am I offered? Don't all bid at once."

Customer—"What private title will I get in the improvements or buildings now on this lot?"

Atkinson —" None whatever. To give an exclusive possession to them would be to grant to individuals the power to levy a tax on labor."

Customer—"What private title do I get in the land."

Atkinson—"None whatever. This tax is laid to abolish all private titles to land."

No bids. Sale adjourned.

The single tax on land values, whose logic is so comprehensive that it would require that all values should be taxed out of existence, is thus found to be so crippled by its provisos that it is not a tax. If it rested on the land itself and also on its economic rent it would still be a double tax. Hence land as well as improvements must be exempt. As a tax on economic rent it proves to be like a tax on the margin of production, or a tax on the wage fund, or a tax on the rate of interest, or on the law of wages, or on the unearned increment—a mere papal bull against a comet.

Alas, that the martyrs who have died for the single tax should have died in vain! Alas, that the women who have wept over the single tax should have wept in vain! Alas, that the orators who have explained the single tax should have explained it in vain!

And alas! most of all, that Mr. George and Mr. Atkinson, who are both so prophetic in controversy and so acute in denunciation, should have discussed the single tax, when the only tax that underlies it all is the tax on the public patience, credulity, and incapacity to think.