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Taxation Committee's Reply

Senator Gardner Gives His Side of Single Tax Argument -- Henry B. Blackwell
Favors the Reform

Senator Augustus P. Gardner, member of the Taxation Committee of the Legislature of 1900, has sent out the following letter in response to a letter published recently by Charles Francis Adams on the subject of single tax:

In view of the fact that wide comment has been excited by the announcement of Charles Francis Adams in advocacy of what is commonly known as the local option proposition of the Single Tax League, permit me to say a few words in support of the position of the Committee on Taxation of the General Court of 1900. After three exhaustive hearings on this measure, we unanimously recommended that the petitioners be accorded "leave to withdraw." Subsequently the Legislature referred the bill to the next General Court. There is so much confusion as to the objects which the Single Tax League is endeavoring to attain that it may be well to point out the difference between the economic theory of a single tax, as propounded by Henry George, and the particular status which would be attained by a successful experiment in local option, such as was advocated in House bill No. 268, in the year 1900. It was a matter of some surprise to the Committee on Taxation that the Single Tax League should advocate this measure as a stepping stone toward the fulfilment of their ultimate wishes, as the principles involved seem entirely different from those enunciated by the leading Single Taxers.

The proposition of the single tax, so far as is known, originated with Henry George, who regarded the measure not in the least as a means of raising revenue, but as a system tending to equalize the distribution of wealth. His theory was that the great inequalities in fortunes largely resulted from private ownership in land, and therefore, in view of the fact that land itself, as distinguished from improvements in land, was not the result of any man's labor, no man should be entitled to own it exclusively. Recognizing, however, as he did, that, owing to various causes inherent in human nature, private ownership of land was a means toward lifting the moral tone of the individual, he proposed that all land should pay into the public treasury the entire amount of its ground rental value. In this way, while the title to a piece of real estate might vest in an individual, the profits on the land would belong to the public. His view of the case was that these profits were entirely due to the scarcity value of land, and were "unearned increment," rightfully belonging to the public. Whatever view we may take of this theory, everyone must admit that it cannot be dismissed in half a column as unworthy of consideration; but the proposition which appeared before the General Court involves no such principles as those explained

above. It is advocated by the Single Tax League merely as a measure which, if enacted, would perhaps afford the object lesson of a community raising its entire taxes for local purposes on real estate.

House bill No. 268, year 1900, proposed that any city by ordinance, or any town by bylaw, might from time to time exempt any kind of personal property or real estate improvements from taxation, but might not in any event exempt the land itself. With regard to the towns, governed as they are by town meetings, it seems scarcely conceivable, except as in hereinafter indicated, that any of them should vote to exempt intangible personalty, stocks and bonds from taxation, thus throwing a larger burden on real estate. The number of inhabitants of every town whose principal tax is on real estate very far exceeds the number of inhabitants whose principal tax is on personalty. It is evident, therefore, that unless the holders of personalty are re-enforced by the votes of the polltax payers, no town would vote for the suggested exemption. The prima facie interest of the polltax payer would be the question of his rent, and of the prosperity of the industry which employed him. The average man would probably see a formidable rise in rent staring him in the face much more distinctly than he would see a possible increase of opportunity for employment at more remunerative rates.

It is probable, however, that some small towns where practically the entire tax is now on real estate, and where, therefore, the chance of an increased burden might seem small, would take advantage of this option. Such a community might vote to exempt stocks and bonds from taxation in order to make their towns a residential center for men holding large investments in other parts of the union. These investments are now taxable, but many men hold the tax is unjust, as they have already paid a greater or less tax in other States. Whether this view is sound or not, it is a view that Massachusetts has again and again refused to entertain. She could not consistently permit the exemption of such securities from taxation to be arrived at in a roundabout method.

Mr. Adams goes on to suggest that if a town like Lincoln were to raise its entire local tax on real estate, it would increase the taxes of the farmers two or three fold. This state of affairs would exist in a more or less degree wherever personalty is held. He suggests that the farmers might benefit by obtaining a larger market for their product, and possibly this would be the case.

The trouble with the Massachusetts farmer, however, is not that he has too small a market for his product, but that he cannot sell it at a remunerative price, owing to the fact that he must compete with more fertile parts of the country. If his taxes are raised, and thereby he is placed at a still greater disadvantage, it seems not unlikely that he may be obliged to abandon a large part of his acreage rather than pay the taxes thereon. It does not seem to be likely that the voters of a city would take any different

view of this question from the voters of the town, but the proposed bill does not leave it to the citizens to decide. It leaves the matter to be decided by the city council, which might or might not represent the wishes of its constituency in this regard.

Unless, then, the General Court should come to the conclusion that the exemption of stocks and bonds is a desirable object to attain, it certainly should not afford the opportunity for this exemption to any city council. If, on the other hand, it decides that the object is a desirable one, it should itself enact the exemption, and not make it optional with a local government. In conclusion, let me point out the confusion which would arise from different systems of taxation existing in different parts of the State, and that, too, under conditions such that the city ordinance and town bylaw could alter the whole system each year, or even oftener.

Henry B. Blackwell wrote a letter in which he said: If it is proposed to take for public use, in the shape of taxation, the entire proceeds or ground rent of landed property I, for one, should be opposed to it. I do not believe that the private ownership of land is wrong or pernicious; on the contrary, I am at a loss to see how land can be utilized on any other principle. But if it is merely proposed, by the exemption of personal property, to shift the burden of unavoidable taxation upon land values alone, so as to relieve active capital from any direct contribution, then I am heartily in favor of the change. Such is the interpretation given to single tax by the eminent Catholic speaker of Monday evening.

But, it is said, this will increase the tax on land values. Certainly it will. In point of fact, an additional tax of only two percent on land values would suffice. But it does not necessarily follow that even the owners of land values will in the long run be sufferers by the changes. They will share in the enhanced prosperity of the community.