

railroads, and their rights of way and terminals, including street railroads, telephones, and telegraphs, for these are built on the most valuable lands; all the gas and electric lighting rights of way built on land of great value; all the city lots, some of which are worth more than a whole county of farming land. I want you to take all these into consideration and then tell me how much of these values in the United States the farmers have.'

"Mr. Pierson replied, 'Well, I should say less than 5 per cent.' I said, 'Call it 10 per cent to be safe.' 'Oh, no, no; that's entirely too high; that's double.' 'Well, we will call it 10 per cent, anyway. Now, don't you see that if the farmers are paying 50 per cent, that if all the taxes were raised by a Single Tax on land values the farmers, since they have but 10 per cent of these values—you say 5 per cent—would pay less; that their taxes would be reduced five times? That instead of paying one-half, as now, they would under that plan pay but one-tenth?'

"I declare, Tom, I never looked at it in that light, and I guess you have got me.'

"So, I say to the farmers here tonight, that this Single Tax, of which I am proud to be an advocate, would be to the overburdened farmers and workingmen the greatest boon, the greatest blessing, the greatest godsend that any country ever knew. I wish you good night."

Arena. 10: 52-8. June, 1894.

Single Tax in Actual Application. Hamlin Garland.

A theory that is morally and logically right will work in practice, but at the same time a practical example of the working out of the principle involved is valuable. The single-tax men seem to have such an exemplification in the case of New Zealand, where an effort has been put forth to discourage land speculation by means of a land tax. It is not precisely the Single Tax—probably the single-tax men will consider that its greatest fault—but its work of checking land speculation and breaking up the large estates is admitted.

I have before me the advance sheets of the Consular Reports from the Bureau of Statistics in Washington, wherein Mr. John D. Connolly, consul to New Zealand, gives his report. It is so

valuable just now when the question of the Single Tax is being strongly advocated that I quote quite fully from it. Mr. Connolly begins by saying:—

Land Taxation in New Zealand

In the matter of taxation laws New Zealand excels as compared with the other Australasian colonies, and perhaps with many older countries. Here, at least, legislation has been introduced that has been most violently assailed as being experimental, socialistic, confiscatory and impracticable. But regardless of this terrible arraignment, the taxation laws have been fully and successfully established and given practical effect, even while other countries were theorizing on the same principles. . . .

It is true there were many who, through the public press, in the halls of legislation, and on the highways and byways of the country, proclaimed their belief that the changes in the incidence of taxation would surely involve the country in financial ruin; but subsequent events conclusively demonstrated how ill-founded were their apprehensions. The most determined opposition to the "new taxation" came from the moneyed institutions, loan companies, and the owners of vast landed estates. It was found, however, as soon as the new system became law and was thoroughly established and fully understood, that, instead of involving the colony in ruin, it had exactly the contrary effect. The credit of the colony in London (which is, of course, the centre of financial operations so far as the colonies are concerned) increased to an unprecedented degree. New Zealand's credit is better to-day on the London money market than is that of any other colony of Australasia.

As will be seen above the opposition came from the moneyed classes and from land speculators in the colony; they had no doubt about the effect of the tax. A synopsis of the system is given here.

Up to 1891 a land and personal-property tax was imposed; but during the years of depression the colonists generally complained of the personal-property tax as being a grievous burden. One of the first acts of the new government was to abolish the "property tax" and substitute an "improvement tax." All improvements on land up to \$15,000 were exempt, but all improvements above that amount were taxed.

The deduction of mortgages and of improvements up to a value of \$15,000 renders very many owners exempt from land tax, the total number of land-tax payers in 1891 being 12,557 out of a total of 91,501 owners of land in the colony. It will be borne in mind that there is an exemption of \$2,500, so that no man pays any taxes for state purposes until his property is worth over the above amount. The special exemption just referred to reduces the number of taxpayers. An owner whose land and mortgages, after the deduction of mortgages owing by him and of improvements up to the value of \$15,000, do not exceed \$7,500 is allowed a deduction by way of exemption of \$2,500 (already mentioned), and this

amount gradually diminishes until it disappears altogether when an owner's assessed value, less reductions, reaches \$12,500.

In addition to the ordinary land tax, a graduated tax is levied, and for this all improvements are deducted; but an owner is not allowed to make any deductions for mortgages owing by him, and he has not to include in his return any mortgages owing to him. This tax is not imposed on any owner the value of whose land, less the improvements thereon, does not exceed \$25,000, and the lowest rate imposed is one-eighth of a penny in the pound. The rate gradually rises until it reaches twopence in the pound on the improved value of lands up to \$1,050,000 or more.

This tax, it will at once be seen, is an approach to the Single Tax advocated by Mr. Henry George. In general principle it is the same; that is to say, it makes it difficult to hold land out of use and makes improvement easy by exempting it from tax up to the limit of \$15,000.

The most interesting and valuable part of the report shows that the present tax has come along these years of experiment exactly in line of Mr. George's plan:—

In 1891, as already mentioned, the property tax was abolished and a tax on improvements substituted. In 1892 the tax act was so amended as to exempt all improvements under £3,000 in value, and in 1893 improvements of every kind were exempted and an income tax introduced instead. By the abolition of the tax on improvements a loss to the revenue of the country was sustained equal to about £37,000, but this loss will be compensated for in some degree by the scale of graduated tax having been increased.

Thus in three years the entire system of taxation has been almost completely changed, and, it is gratifying to say, with the most beneficial effect. Each change made was in the direction of relieving those who were least able to pay and making those to whom the additional burden of taxation would make no material difference contribute (what they had not hitherto done) a fair share of the revenue required in proportion to their means.

Let the reader note whence the opposition came. Mr. Connolly goes on to say:—

It was persistently alleged by the banking and moneyed institutions generally, and also the large land owners, that the radical changes made in the incidence of taxation would result in such a serious loss to the revenue of the country that borrowing must again be resorted to immediately to defray the expenses of the government, but the results have proven they are not prophets.

The common people, however, having felt the good effects of this system, returned the promoters of it to power with *the largest majority ever given a government in New Zealand*. The

significance of this is that they have discovered the barrier to progress, landlordism, and propose to abolish it.

In addition to this land tax with its exemptions, they have also a graduated land tax and an income tax. The income tax is not satisfactory thus far, but of the graduated land tax Mr. Connolly says:—

Graduated Land Tax

There is what is known as a graduated land tax, in addition to the ordinary tax of the same kind, on land values over £5,000 (\$25,000) in round figures. The object of imposing this additional tax is to compel those possessed of large estates and who are holding them for speculative purposes to either subdivide or offer such lands for *bona fide* settlement.

Under the circumstances, the justice and wisdom of this act are quite apparent when it is remembered that 1,766 owners hold from 1,000 to 10,000 acres each, 232 owners hold from 10,000 to 50,000 acres each, and thirty owners hold over 50,000 acres each.

The improved value of land held by fourteen land owners amounts to \$27,690,245, while six owners hold land the improved value of which is \$12,813,900. The total value of unimproved land held in large areas—say from 5,000 acres upwards—in 1892 amounted to the vast sum of \$272,360,875. Thirty-two companies, such as banks, land and loan companies, insurance and mortgage societies, own 1,321,036 acres; the improved value of which is given by the commissioner of taxes at \$12,916,405; and the unimproved value is by the same authority said to be equal to \$9,467,690. From the foregoing figures, it will be observed that it has become necessary to take some steps to prevent the further accumulation of vast estates and the withholding of them from settlement and development. *Though the graduated tax is not regarded as being too burdensome, yet it is to a large extent having the desired effect. Many of the immense estates are being freely offered to the government at their taxable value, while some are being cut up in suitable farms and offered at public auction.*

In order to discourage absentee landlordism the reformers in New Zealand have imposed an extra burden of twenty per cent additional tax upon those who have been absent three years. This however is only a quibble. All landlordism should be made unprofitable, absentee or resident.

With regard to the Single Tax itself, Mr. Connolly goes on to remark:—

The Single Tax

That there is very little difference between the present land tax and the Single Tax as proposed by the Single Taxers, as they are called here in New Zealand, is easily shown. The principal points of difference may be briefly explained. The Single Tax would be levied at a uniform rate

and without exemption upon all properties, irrespective of size. The mortgagee would be treated in precisely the same manner as the owner, i. e., it would consider him as being part owner of the improvements, as well as of the land. There would be no absentee tax; all land owners would be treated alike. The £500 exemption, the absentee and graduated tax (exclusive of the income tax) are the only diverging features as between the Single Tax and the present land tax.

Mr. Connolly a few years ago bitterly opposed the Single Tax. He seems now to understand very thoroughly the arguments of the single-tax men and comes very near to agreement. [*Apparently* the American farmer is a land owner. As a matter of fact he is a renter or wage-earner. He has very little land value to tax, and as under the Single Tax all his improvements would be exempt and all indirect taxation abolished he would be one of the greatest gainers. He is now quite landless. He owns under mortgage or he rents. These conditions existed in New Zealand but are being changed by the tax on land values.]

At the same time it is worth the while of the Single Tax men to consider the matter of an exemption in connection with the introduction of the Single Tax among the American farmers. It would need to be a small exemption, say \$750 or \$1,000. In some states it could be \$1,000. The case would then stand. The farmer would pay no taxes on his improvements, and no taxes on his land values until those values rose above \$1,000. Let him also remember that *improvement value* is exempt; it is merely site value which must exceed the thousand-dollar limit.

Personally I feel certain that an exemption is not needed, because on the majority of farms in *bona fide* farming districts the improvements exceed the site value of the land, and the farmer having his stock, tools and buildings exempt would at once pay less taxes than now. In cases where the land value exceeded improvements, the exemption of improvements from taxation would make improvement easier, and the decreased price of lumber, coal, iron and other commodities which would be released from monopoly would also aid in making improvement easy. [In short the man who feels the New Zealand tax, and the man who would feel the effects of the Single Tax, is the man who is living by rents, or by interest, which is only rent in another form. In other words the man who earns his living will find his burden lightened, while the man who lives in the sweat of his neighbor's face will find that power cut down.]

In the case of New Zealand another point is of special value. Mr. Connolly says:—

The number of taxpayers has decreased under the land and income tax by nine thousand twenty-eight, while the revenue has increased \$100,000. It is to the absentee and graduated tax that the increase may be attributed.

This is to say the poor have been released from tax and the monopolist has been made to shoulder part of the load. Observe that this would not have happened if the tax had been placed upon the *improvements* of the wealthy, for if placed upon anything whose price could have been raised to cover the tax, the consumer would have paid his original burden and more too, in *indirect taxes*. Being placed upon land values it *decreased the price of land* and brought it into the market, thus making it impossible to shift the tax.

This is a fundamental principle of the Single Tax. It makes land plentier and therefore lower in price, and it cannot be shifted by raising the price of land so long as land is being brought into the market in increasing quantities, for the price of land would fall and not rise.

That the Single Tax would have an instant effect on the wages of working men is also shown by this report, for not only has the colony been steadily prosperous through the hard times of the last year, but it has absorbed without ill effects a constant stream of working men.

The effect of the tax on land values is precisely like that of opening new land to settlement. It brings it out of the speculator's hands into the settler's hands. It passes out of the hands of the monopolist into the hands of the contractor and builder. Speculation employs no labor. The moment speculation surrenders its hold, use begins and prosperity begins. This was proven in New Zealand.

The effect of opening new lands by taxing speculation reacts through all trades. It benefits the shop girl and the mechanic as well as the settler, the gardener or the builder. There is an empire of land out of use right here in our eastern cities and their suburbs. This land can be opened to use in one way and only one way, by making it unprofitable to hold it out of use—that is, by taxing it precisely the same as if it were in use.

This is the fundamental idea of the plan pursued in New Zealand with such fine results, and this is the fundamental principle of the Single Tax. The working farmer has no more cause to fear it than the mechanic. It will lift the burden which they have borne so long upon their bowed shoulders, and it will tax back into the common treasury a value which the whole people creates and which a few monopolists at present enjoy.

Atlantic Monthly. 112:737-46. December, 1913.

Case for the Single Tax. F. W. Garrison.

Briefly stated, the Single Tax is a method of raising money for the necessary expenses of government by taking the rent, or the annual yield of land-values, alone, abolishing all other forms of taxation, direct or indirect. It may be described as government without taxation, for, if the Georgian contention is true, the rent of land belongs not to the individual who would be required to surrender it, but to the community as a whole.

On what just basis can I claim exclusive right to a part of the limited surface of the earth? "No man made the land," said Mill. "It is the original inheritance of the whole species." No matter how far we delve into the past, we can find no just title to the private ownership of land. A Vermont judge, when asked to return a fugitive slave to the man who claimed ownership, replied, "Show me a bill of sale from the Almighty and I will deliver him." The same reasoning may be applied to land titles with equal force. Blackstone admits that "there is no foundation in nature, or in natural law, why a set of words upon parchment should convey the dominion of land." "Whilst another man has no land," says Emerson, "my title to mine, your title to yours, is at once vitiated." And Herbert Spencer maintains that land-titles all rest on force, fraud, or cunning. When Edward I sent his commission to inquire into the existing judicial franchises in 1278, Earl Warenne flung a rusty sword on the table and cried, "This, Sirs, is my warrant. By the sword our fathers won their lands when they came over with the Conqueror, and by the sword we will keep them."

Man is a land animal, and access to land is essential to human life. If the earth were to be divided among all men living to-day,