



SEPT.-OCT. 2013 / \$3.00

VOLUME 26, No. 5

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THE FEDERAL INCOME TAX AND THE GEORGIST MOVEMENT

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(The following presentation was made August 8, 2013 at the Council of Georgist Pittsburgh, PA. Dr. Lough is a California native who wrote her undergraduate history thesis on Henry George. She decided to continue pursuing the history of the single tax in graduate school. She recently finished her Ph.D. at Brandeis University in American History.)



Introduction

My dissertation, "The Last Tax: Henry George and the Social Politics of Land Reform in the Gilded Age and Progressive Era" charted the extraordinary, transatlantic life of George's proposal to replace all local, state, and federal taxes with one single tax on the value or market price of land.

It is a social and intellectual history of a powerful political idea.

In particular, I looked at the ways in which the single tax informed late-nineteenth and early twentieth-century social and political discourse and how reformers mobilized around the single tax to influence social and economic policy.

I argued that:

* George and his supporters enjoyed more success than historians have hitherto recognized.

* While the single tax never became policy, it influenced the ideas and work of many prominent late-nineteenth and early-twentieth century reformers, mobilizing their efforts to:

- ◇ Nationalize land in Great Britain;
- ◇ Liberalize Church doctrine and advocate for a larger role for religious leaders in politics and social policymaking;
- ◇ Elect public officials from the rank of organized labor;
- ◇ Municipalize streetcars and other public service monopolies at the city-level;
- ◇ Engage in utopia building.

* Through my exploration of the single tax, I show important political and social concerns, both in urban and rural areas, throughout the Gilded Age and Progressive Era.

* I believe my findings indicate that historians of

Henry George and the single tax movement should broaden the parameters of their research to include the seemingly unrelated or only tangentially related fields of municipalization, the social gospel, and labor activism.

In the dissertation conclusion, I suggested looking into the role of single taxers in the passage of federal income taxes in 1913 and 1916.

My interest in this particular subject was piqued from two sources.

The first was Mason Gaffney who suggested at a workshop held in the summer of 2011 that these early federal income tax measures were far more sympathetic to Georgist principles than its current form.

In *The Corruption of Economics*, Gaffney writes:

"The first Federal income tax law was drafted by a Georgist (Congressman Warren Worth Bailey of Johnstown, Pennsylvania) with Georgist goals uppermost." (page 35)

In defending this claim, Gaffney cited the work of historian W. Elliot Brownlee. In his 1985 article, "Wilson and financing the Modern State: The Revenue Act of 1916," Brownlee claims that the passage of the federal income tax depended largely on the support of a coalition of Congressmen who primarily represented the interests of labor, farmers, and single-taxers.

In particular, Brownlee writes that shortly after his election to the House of Representative in 1912, Congressman Bailey became "an important liaison between the Wilson administration and the single-tax movement" which, he pointed out, had "gained significant strength in 1912 and 1913" from the formation of the Joseph Fels Fund.

This fund, as some of you probably know, was established in 1909 when the wealthy soap magnet Joseph Fels agreed to donate \$25,000 a year for the next five years and provide matching donations for every dollar raised in support of the propagation of George's ideas. By 1915, the Fund had raised nearly \$300,000.

In addition to Congressman Bailey, Brownlee notes the existence of the New York-based group called the Association for an Equitable Federal Income Tax formed by several prominent single taxers including Frederic Howe, Amos Pinchot, George Record, and Frederic Leubuscher. This group lobbied President Wilson and Congress to levy a steeply progressive income tax.

The claims of Gaffney and Brownlee that single taxers not only supported but helped draft the federal income tax measures of 1913 (continued on page 2)

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and 1916 posed several interesting research questions including:

- 1) Given Henry George's disapproval of all taxes save those on land values, what had changed from the time of his death in 1897 to 1913 to convince some single taxers to support a federal tax on personal income?
- 2) What was the reaction from other single taxers? Was Congressman Bailey's support and that of the New York-based organization representative of the single tax movement as a whole?
- 3) If not, what impact did the passage of the federal income tax have on the national movement to replace all local, state, and federal taxes with one single tax on the value of land?

These are the questions that have guided my research over the past few months, the topic of my presentation today, attempts to provide answers or at the very least, the historical context needed to understand them.

History of the Federal Income Tax

Beginning with the first question—what had changed from the time of his death in 1897 to 1913 to convince some single taxers to support a federal tax on personal income?—I discovered that philosophy and commitment of George's ideas hadn't changed since his death, but that, single taxers support of a federal income tax, at least up through 1913, stemmed from its connection with tariff reform and a reduction of excise taxes.

Every federal income tax measure prior to 1916 was tacked onto a bill to lower tariff rates. The issue of free trade, more than anything else, informed and motivated single tax Congressmen to support federal income taxation.

As for my second and third questions—What was the reaction from other single taxers to Congressman Bailey's support of a federal income tax and what impact did it have on the movement?—Simply put, the reaction was mostly negative, and ultimately divided single taxers over strategy and mission.

With that said, I think it is useful to provide a brief overview of the origins of the federal income since the federal income tax passed in 1913 was the NOT first time that Congress authorized a tax on incomes nor the first time single taxers supported such a measure.

We have a very long history of experience with income taxes at all levels of government in this country, which dates back to 1634 when Massachusetts Bay Colony enacted a law that "provided for the assessment of each man according and with consideration of all other his abilities whatsoever." In other words, citizens of Massachusetts Bay Colony were taxed at different rates depending upon all of their visible sources of wealth and income, which at the time, included their land and possessions.

In 1643, the leaders of New Plymouth colony ordered tax assessors to "rate all the inhabitants according to their estates or faculties." Later deemed a "Faculty Tax" this law, as the economist Edwin Seligman later pointed out is noteworthy because it differentiated "faculty and personal ability" from visible proper-

ty, that is, it taxed a man based on his earning potential. With that said, the law made no effort to explain HOW to measure that potential—one's "faculty."

In addition to faculty taxes, colonial and later state governments, relied largely on poll, land, and property taxes to finance various local projects and services.

In the early decades of the 19th century, several state governments responding to the increased demand for infrastructure improvements passed income taxes. In 1840, for example, Pennsylvania levied a tax of one percent upon all salaries and one mill on each dollar received from every trade, occupation, or profession not already taxed."

By contrast, from the ratification of the Constitution in 1789 all the way to the Civil War, the federal government relied almost exclusively on tariffs and land sales for revenue.

The Civil War

The outbreak of war between the North and South was significant for several reasons not the least of which was financial. To win the war, the federal government needed a lot of money.

In 1861, Thaddeus Stevens, a Republican from Pennsylvania proposed that the government raise \$30 million from a direct tax on land apportioned by population—that is, the amount each state needed to pay would have depended on the value of their land divided by the size of their population. This proposal was defeated by those western and mid-western states which were land rich and population poor.

In its place, Congress settled on higher tariffs, excise taxes, and a 3 percent tax on incomes above \$800. The income tax portion of the law never went into effect.

The following year, Congress passed a new income tax law that lowered the exemption and levied a 3 percent tax on incomes between \$600 and \$10,000 and a 5 percent tax on incomes above \$10,000.

This measure, passed July 1, 1862 can properly be called the "first federal income tax." For purposes that become clear, it is important to note that this tax was progressive and was NOT apportioned among the states by population.

The federal income tax rate was raised again in 1864 to 5 percent on incomes between \$600 and \$10,000 and 7.5 percent on incomes above \$10,000.

In 1865, Congress passed a fixed income tax rate of 10 percent on all incomes above \$5,000.

By the end of the war, the income tax reached a little over 10 percent of Union households, the majority of which resided in the Northeast.

A federal income tax remained for five years after the war's end, when finally, on July 14, 1870 in answer to calls for its repeal, Congress cut the rate down to 2.5 percent on all incomes over \$1,000 and scheduled the entire tax to expire in (continued on page 11)

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one year. During its 10 years of operation, the federal income tax raised \$376 million, more than one-third of which came from New York State alone.

Wilson-Gorman Tariff Act (1894)

Although Congress would not authorize another federal income tax for another 22 years, calls for one surfaced many times, especially following the financial panics of 1873 and 1893 when prices decreased and tariff revenue dropped dramatically

Calls for another federal income tax during this time, however, were supported not merely as method of raising revenue, but also as tools of reform

Between the 1870s and the 1890s, wealth, which had for a long time coalesced in the Northeast became grossly concentrated into the hands of a small and very visible minority

To give you some figures, in the 1880s, the wealthiest two percent of the population earned more than half of the nation's total income and the wealthiest one percent controlled more than half of all the property in the United States

Although one of the most powerful, Henry George was not the only voice which denounced the growing chasm that separated the wealthy from the poor. Populists, Socialists, and many Democrats warned against the tendency of wealth to concentrate into the hands of a smaller minority

For many, the antidote to this tendency lay in the nation's system of taxation. From 1880 through the end of the 1890s, nearly every national party platform included fiscal reforms ranging from free silver and lower tariffs to land value taxation and a progressive income tax

In 1892, for example, the People's Party, the political arm of the Populist movement included the following indictment of wealth inequality in the preamble to its national party platform:

"The fruits of the toil of millions are boldly stolen to build up colossal fortunes for a few, unprecedented in the history of mankind; and the possessors of those, in turn, despise the republic and endanger liberty. From the same prolific womb of governmental injustice breed the two great classes—tramps and millionaires."

In addition to a graduated income tax and free coinage of silver, the platform also called for national ownership of railroads and an end to the monopolization of land and all natural sources of wealth.

Opponents of an income tax dismissed such proposals as "socialistic" and claimed that bar a national emergency such as war, there was no need for one. Opponents especially disliked proposals for a graduated income tax, which they labeled "communistic" and "autocratic."

"Any government, whatever name it may assume, is a despotism, and commits acts of flagrant spoliation," a writer for the North American Review

claimed, "if it grants exemptions or exacts a greater or less rate of tax from one man than from another man on account of his owning or having in his possessions more or less of the same class of property, which is the subject of the tax."

Despite fierce resistance from Republicans, in 1894, Congress acted on the Populist demands when it approved, with the support of single taxers including Democrats Tom L. Johnson of Ohio, James Maguire of California, and Populist Jerry Simpson of Kansas, the Wilson-Gorman Tariff Act.

In addition to the reduction of tariff duties and the placement of several articles on the free trade list, the Act levied a 2 percent tax on "gains, profits, and incomes derived from any kind of property, rents, interest, dividends, or salaries, or from any profession, trade, employment or vocation" in excess of \$4,000.

In 1892, two years prior to the passage of this act, George had equated income taxes with robbery, writing in *A Perplexed Philosopher*:

"The truth is that customs taxes and improvement taxes, and income taxes, and taxes on business and occupations and on legacies and successions, are morally and economically no better than highway robbery or burglary, all the more disastrous and demoralizing because practiced by the state."

"There is no necessity or them," he continued. "The seeming necessity arises only from the failure of the state to take its own natural and adequate source of revenue—a failure which entails a long train of evils of another kind by stimulating a forestalling and monopolization of land which creates an artificial scarcity of the primary element of life and labor."

In other words, the apparent need for income taxes arises from the failure of government to collect what rightfully belongs to the entire people—land values.

Given George's denunciation of such a tax, it would seem surprising that avowed single taxers including Johnson, Simpson, and Maguire would support an income tax in 1894.

Based on their Congressional testimony, however, it is clear that both Simpson and Johnson and a many other single taxers outside of Congress reluctantly approved of the Wilson-Gorman Tariff Act NOT because it taxed income, but because it weakened the protective principle that had dominated federal financial policy since the earliest days of the republic.

Furthermore, in their defense of tariff reduction, Johnson and others helped redefine free trade.

Two years prior to the passage of the Wilson-Gorman Tariff Act, Johnson, a reformed Cleveland street-car monopolist, created quite a buzz on Capitol Hill when he (continued on page 12)

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utilized the Congressional "leave to print rule" to publish Henry George's Protection or Free Trade in the Congressional Record by attaching portions of the more than 300-page book to his speeches.

In one such speech delivered on March 31, 1892, Johnson discussed what he meant by "free trade." Republicans in Congress had begun to use the term to mean that tariff for revenue purposes only.

"Let me say frankly that I am not that kind of free trader," Johnson declared. "Speaking for myself, and speaking too for a large and rabidly increasing body of men within the Democratic party, I wish to say that what I mean by free trade is not a tariff for revenue only, but for nothing less than free trade itself; the abolition of all custom houses and the same freedom to trade with all the world that we now have between our states."

Quite presciently, Johnson continued:

"Though the Democratic party has not yet got so far, I hope some day to see it advocating that principle. The discussion now going on must be broadened till it brings up the whole question of taxation, and it is in this that the real solution of the labor questions is to be sought."

"It is better to tax men on what they have than on what they consume...Even an income tax, which is open to so many objections, which makes a nation of liars, and opens so many avenues to fraud, and is a miserable tax, is still a great deal better than a duty on sugar."

Two years after giving this speech, Johnson was faced with the choice of taxing men on what they consume, or what they have and he chose the latter. With regard to the Wilson-Gorman Tariff Act, Johnson declared:

"I will vote for this bill if I can get nothing better. But I do not like it."

Jerry "Sockless" Simpson (during House Debate) offered a similar assessment of the act:

"Mr. Chairman, I am not pleased with this bill. But, in as much that this bill carries large reductions and puts one hundred and thirty-one more articles on the free list, therefore, every man who has his article on the free list will be an ally come in the direction of free trade. I support and welcome the bill as a step in the direction of what may eventually follow."

California Congressman James Maguire proposed as a substitute for the income tax provision of the bill, that an annual and direct tax of \$31 million be levied on land values, exclusive of improvements, and apportioned to all the states and territories, including the District of Columbia.

The proposal was defeated 6 to 180.

The connection between land value taxation and free

trade is sometimes overlooked by historians of Henry George and the single tax movement. But George's death, the single tax had become as much about removing the tariff as it had about taxing the value of land. This connection is something that I have come to recently and really, stems from my interest in determining the extent to which single taxers participated in the passage of the federal income tax of 1913.

Pollock v. Farmers' Loan & Trust Company

It's hard to gage the response of the larger movement to the passage of the Wilson-Gorman Tariff Act because before the ink had even dried, Republicans filed suit declaring the act unconstitutional.

In 1895, Charles Pollock a Massachusetts citizen who owned only ten shares of stock in the Farmers' Loan & Trust Company, sued the company to prevent it from paying the income tax. Although Pollock lost in the lower courts, the United States Supreme Court, agreed to hear the case on appeal.

And in *Pollock v. Farmers' Loan & Trust Company*, which Seligman referred to as "The Dred Scott Decision of governmental revenue," the Court ruled 5-4 that the Wilson-Gorman Tariff Act violated the constitutional requirement that all direct taxes be apportioned among the states.

The Case

In the hearings over the Wilson-Gorman Tariff Act, Congress gave no consideration to what is commonly referred to the apportionment clause of the Constitution. In Article I, section 9, the Constitution states that:

"No capitation or other direct tax shall be laid, unless in proportion to the census."

In other words, all direct taxes must be apportioned among the states with the most populous states bearing the largest burdens.

Origins of the apportionment and uniformity clauses

Historians disagree on the motivation behind the clauses of the Constitution. Einhorn attributes the measures to the efforts of Southerners to prevent Congress from taxing slaves and thereby, attempting to abolish slavery through taxation. Other historians have explained that the limitations stemmed from the framers' shared desire to limit the power of the federal government by removing Congressional power to "preempt the use of property taxation by state and local governments."

Most historians, however, agree that the desire to prevent a federal income tax never crossed their mind and even if it had, as Einhorn has pointed out, there is no way they would have considered it a direct tax, especially since to apportion it would have been absurd:

"If Congress levied the income tax as an apportioned direct tax, the rates would be lower in rich states and higher in poor states. Residents of Connecticut, with the highest incomes in the nation, would pay an average of 9.2 (continued on page 13)

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percent of their incomes; residents of Mississippi, with the lowest incomes in the nation, would pay 17.9 percent.”

And up until Pollock, the Court also used the “absurdity test” to determine whether a tax was direct or not. In 1796, the Court ruled in *Hylton v. United States* that a national carriage tax was not direct tax, in part because to try and administer an apportioned tax on carriages would be “absurd.” The Court also noted that direct taxes included a capitation (poll) tax and a tax on land.

Shortly after the Civil War the constitutionality of the Civil War taxes on personal and corporate income was tested in *Pacific Ins. Co. vs. Soule and Springer v. United States*. In both cases, the Court ruled that only poll taxes and land taxes were direct taxes, therefore, a tax on income or profits was an indirect tax.

Despite these previous rulings which held an income tax was an indirect tax, in *Pollock*, the Court, voted 5-4 that in taxing income from land, the tax was essentially a tax on land, which had always been used as the quintessential “direct tax.” As Chief Justice Fuller wrote for the majority:

“...taxes on real estate being indisputably direct taxes, taxes on rents or income of real estate are equally direct taxes.”

The ruling, while applauded by opponents of the income tax, nevertheless was shocking for economists and legal scholars who were appalled at how brazenly the Court overturned previous opinion.

As Justice Harlan noted in his dissent:

“That, upon every occasion when it has considered the question whether a duty on incomes was a direct tax within the meaning of the Constitution, this court has, without a dissenting voice, determined it in the negative, always proceeding on the ground that capitation taxes and taxes on land were the only direct taxes contemplated by the framers of the Constitution.”

“I cannot assent to an interpretation of the Constitution that impairs and cripples the just powers of the National Government in the essential matter of taxation, and at the same time discriminates against the greater part of the people of our country.”

1895 to 1909

Over the next fifteen years, a federal income tax made little headway in Congress due to the apportionment requirement or the need to enact a Constitutional amendment to circumvent it.

In the meantime, tariff duties and excise taxes became increasingly unpopular, in part for the same reasons they were unpopular in 1894, but also because the cost of living had rapidly risen for many Americans, both farmers and city dwellers. As cities grew, local governments faced

increased demands for revenue to fund a variety of public services. Most utilized the only financial mechanism at their disposal—the property tax.

Like today, the property tax in most localities reached both the value of land and the value of improvements. Furthermore, most state constitutions included uniformity clauses that prevented localities from rating land and higher rates than other types of property. Others also denied “home rule” to cities in regards to taxation matters. Thus, even if the state constitution allowed different taxation rates on various types of property, many localities lacked the governing authority to enact new taxes.

The efforts of many single taxers during this time were caught up in trying to change state law to allow for headway to be made at the local level with regard to land value taxation. One of the projects I’m currently working on is the participation of single taxers in the “direct democracy” or “popular governing” movement of the Progressive era, which resulted in the passage of the referendum and initiative in many states.

At the federal level, throughout the waning years of the nineteenth century and the beginning decade of the twentieth century, single taxers continued to work towards a policy of free trade and removing all taxes on consumption. Henry George, Jr., Congressman from Brooklyn, was one of the main activists in this fight.

1909-1913

Two years before he was elected to the House, the fight over the tariff had greatly intensified, in part because Republicans had continued to increase duties over the past decade. In 1909, Senate Democrats and Republicans reached a compromise and passed the Payne-Aldrich Tariff Act, which in addition to reducing tariff rates, sent a proposed Constitutional Amendment to the states to exempt income taxation from apportionment.

While the proposal passed through the state legislatures, Henry George, Jr. took office in February 1911 and immediately began working to reduce tariffs, beginning with the duty on wool and woolen products. In March of that same year, George, Jr. delivered a speech that quickly turned into one of the more famous Congressional speeches on the best methods of federal taxation.

Similar to Johnson and Simpson a decade earlier, George Jr. indicated that he would support an income tax over that of a tariff.

“The income tax has one merit over a tariff tax; it is direct. You can see it; you know just exactly what you are paying. Who in the world knows what he is paying under a tariff tax?”

“But, while an income tax is better than a tariff tax,” he added, “I am opposed to it.”

Outside of Congress, single taxers debated the merits of a federal income tax in the pages of the *Single Tax Review*. In May of 1908, John Harrington helped frame the debate in writing,

“Should we support or oppose the principle [of income taxation?] Or may we divide on it. It will be conceded that it is better (continued on page 14)

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than the tariff system of raising revenue, and an improvement on a number of other methods of taxation. But whether it will do more good than harm in the long run, is a question worth settling, if it can be settled. If it is a stepping-stone to better things, it should be supported. But if it can be seen that it would be a stumbling block, tending to perpetuate injustice, it should be vigorously opposed."

Joseph Dana Miller, editor of the Review, urged single taxers to oppose it, arguing that:

"An income tax is certain to exempt wealth."

And noting that,

"The reasons which appear to justify an income tax arise from a superficial analysis of the social problem—from that superficiality which concerns itself with the flowering effects rather with the causes at the root."

The "flowering effects" to which Miller likely referred included the growing gap between the rich and the poor while the federal government suffered budget deficits.

1913: Federal Revenue Act

In spite of Miller's resistance, the Constitutional Amendment was ratified on February 3, 1913, the Sixteenth Amendment of the U.S. Constitution was amended to include the following:

The Congress shall have power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States, and without regard to any census or enumeration.

Six months later, Congress passed the Underwood Tariff Act, which in addition to lowering tariffs, taxed corporate incomes at 1 percent and subject personal incomes to a steeply progressive rate that started at

- 1 percent = individual incomes \$3,000
- 1 percent = married couples incomes \$4,000
- 2 percent = \$20,000-\$50,000
- 3 percent = \$50,000-\$75,000
- 4 percent = \$75,000-\$100,000
- 5 percent = \$100,000-\$250,000
- 6 percent = \$250,000-\$500,000
- 7 percent = \$500,000 and above

** The average household income was \$827 per year in 1913

The Act specifically included the profit gained from land sales within two years of purchase.

The new income tax was popular among farmers and the working classes whose incomes fell well under the minimum rate taxed. In fact, only 1 in every 40 households were subject to the income tax.

Many wealthy individuals "incorporated" their incomes to take advantage of the lower corporate income tax rate.

1914-1916: WWI, 'Preparedness,' and the Single Tax Movement

Following the passage of the Sixteenth Amendment, a visible split became noticeable in the Single Tax movement, which forced the movement not only to confront the issue of the true meaning of the term "single tax" but also its overall strategy.

- * Prior to the passage of the Sixteenth Amendment, the single tax movement consisted of local and statewide campaigns—perhaps in part because of Pollock, but more likely because the burden of taxation came from local sources. Additionally, the two party system was less entrenched at the local level.
- * Those adamantly opposed to the federal income tax began calling for the formation of a national single tax party and called on single taxers to break their ties to the Democratic Party, which they believed no longer served the interests of single taxers. A national party was formed in 1915.
- * On the other side, some single taxers accepted federal income taxation in part because it meant lower tariffs, but also because they believed land value taxation to be better suited for local governments, where single taxers could work to pass laws to reduce the tax on buildings and increase the tax on land values.
- * Additionally, groups like the Association for an Equitable Federal Income Tax defended the income tax on the grounds that it is a "legitimate" source of revenue for the federal government:

"A rapidly progressive income tax is a proper source of revenue for the Federal government," the Association wrote in one of its pamphlets, "Because nearly every person receiving a large earned income does for services throughout a large area, and nearly every person receiving a large unearned income derives it from the entire country."

In other words, unearned incomes, originated from monopoly privileges enjoyed throughout the entire country, not one singular location.

Additionally, the Association figured that it would be easier for local and state governments to secure revenue from land value taxation than the national government.

- * Other single taxers with dreams of a career in national politics continued to work within the
- (continued on page 15)

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Democratic Party. When Woodrow Wilson was elected President in 1913, and appointed a cabinet full of single taxers, many believed he also would support single tax measures introduced in Congress.

* They became even more hopeful as America's entrance into WWI seemed inevitable. Many began calling for a federal land value taxation as both a way to raise revenue and also, provide for the welfare of returning soldiers.

In 1918, single taxer Benjamin Marsh testified before the Senate Committee on Finance as a representative of the Farmers' National Committee on War Finance to argue for a surtax on the incomes of the wealthiest Americans and for a federal tax on the value of vacant land, which he claimed, would help provide for men returning from war:

"The after-the-war problem is more serious than the present war problem, since we have unity of command. If you tax land values, you are going to make it easier for those boys to be settled on the land."

"We do not object to taxes on luxuries, but we suggest that you have overlooked one thing, one class of property almost absolutely exempt, and that is the value of lands held idle, or practically idle, for speculative purposes. A large number of farmers will pay an income tax with a \$2,000 exemption. They will pay an income tax, and they are glad to do it; but they think that should raise at least \$500,000,000—half a billion—by taxing the value of unused and inadequately used land held for speculation, together with these other taxes."

1916

Faced with the need to prepare the U.S. for war with Germany, in 1916, President Wilson urged Congress to pass another major revenue act that included higher taxes on incomes. The outcome was the Revenue Act of 1916.

As both Gaffney and Brownlee noted, single taxers had a hand in helping this measure pass Congress. And as in the past, they conditioned their support on a reduction of tariffs. And on this end, they achieved a major victory.

According to Brownlee, the Revenue Act of 1916 finally broke the dominance of the tariff over the federal revenue system and turned the income tax into the primary instrument of federal taxation.

"The Revenue Act," he writes, "may well have been the most critical step in creating the American tax system of the twentieth century."

Economist T.S. Adams similarly recognized the large role played by single taxers in turning the Democratic Party against tariffs and towards more direct forms of taxation.

Weakening the federal government's dependence on tariffs for revenue to me, is the extent of the single taxers par-

ticipation in the passage of the federal income tax laws of 1913 and 1916.

It seems that the removal of protective tariffs represented a significant portion of the Georgist philosophy at the end of the 19th and early 20th century. Perhaps more so than historians of the single tax and Georgist today have been apt to recognize.

This oversight can be explained in part by the inadequacy of term "single tax" to describe George's philosophy. Shortly after the adoption of the term in 1887, George declared:

"The term single tax does not really express all that a perfect name would convey. It only suggests the fiscal side of our aims."

"Our proper name, if it would not seem too high flown, would be "freedom men" or "liberty men" or "natural order men" for it is on establishing liberty, on removing restrictions, on giving natural order full play, and not on any mere fiscal change that we base our hopes of social reconstruction."

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