

APPENDIX.

The urgent necessity of crystallizing the views of Singletaxers regarding the rational application of the Singletax to forest lands is emphasized by the following extract from the report of the Fifth National Conservation Congress referred to in the first paper of this supplement:

"Singletax" a Danger to Forestry.*

The single tax, applied to forests, forces cutting regardless of demand. This means the utter waste of all but the choicest part of the tree; the export to foreign countries, hence the loss to us, of the surplus above our present wants; and the early destruction of a source of tax revenue which should be stable and enduring. It also means the wrecking of the great-majority class of lumberman—the small independent men who have no great financial backing—and placing the control of lumber prices with those who are in position to take advantage of the situation without the slightest benefit to the consumer or any desirable effect of distributing forests among small hands, such as is argued by single-taxers in the case of farm lands. It means only over-cutting and, to accomplish this as economically as possible, only by the largest and perfectly organized operations such as require great capital. With respect to the growing of new forests, to supply the future consumer, continue a tax revenue, and preserve streamflow, the result would be even more suicidal, for destruction of the project would be attended with no salvage whatever. The forests simply would not be grown.

The only alternative to these evils, under single tax, would be to separate forests from land absolutely, regarding the former as improvements, a distinction impossible to arrive at justly and practically

(*) Fifth National Conservation Congress, Forestry Committee. Advance Copy of Paper on The Present State of Forest Tax Legislation; Basic Principles of Wise Forest Taxation, with Definite Suggestions for Legislation; The Taxation of Forests in Europe; and Bibliography of Forest Taxation, by the Sub-Committee on Forest Taxation. Chairman, Gifford Pinchot, Washington, D. C. Acting Chairman, F. R. Fairchild, New Haven, Conn.; H. S. Drinker, South Bethlehem, Pa.; E. T. Allen, Portland, Ore.; E. M. Griffith, Madison, Wis., Washington, D. C., November 18, 19 and 20, 1913.

(**) May doubtless be obtained gratis from the association at its offices, Yeon Building, Portland, Oregon.

FOREST TAXATION AND THE SINGLETAX *

By Louis S. Murphy.

The report of the sub-committee on taxation of the Fifth National Conservation Congress last November would lead one to believe that the adoption of the Singletax would not leave a tree standing or even permit one to grow; in other words, would force the destruction of the forests and absolutely discourage anyone from attempting the

*Read at the Annual Meeting of the Society for the Protection of New Hampshire Forests, Gorham, N. H., July, 1914.

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ever be considered seriously in any forest community, it will be highly necessary to exempt forest lands wholly from its application, either by continuing them under the old general property tax or preferably placing them under a yield tax system which, in under conditions grading from virgin forests to purely man-grown reproduction with even the former existant to a certain but unmeasurable degree because of fire protection afforded by the owner. It is wholly unlikely that the public would seriously consider exempting all speculatively owned forests from taxation. To continue regarding them as land, under single tax, would have the destructive effect described. To exempt them but compensate by increasing the tax on the land which bears them would require over-taxing identical land, now denuded but which should be reforested, so that reforestation would be impossible. Consequently, should single tax effect, applies the income-tax principle to this class of property.

The significance of the above indictment of Singletax is manifest when one considers the standing throughout the country of the National Conservation Congress and remembers that it is organized for the serious purpose of promoting the interest of the country at large in the right use and conservation of our great natural resources. Another instance of the same sort is a circular of some thirty odd pages recently published by the Western Forestry and Conservation Association entitled "The Case Against the Singletax."**

Aside from quoting the most telling parts of the report of the Conservation Congress reprinted above, the publication is largely devoted to the recitation of arguments directed against the whole Singletax movement as the only means available for saving the forestry situation. It is an able publication and brings together the best that the opposition has to offer against Singletax. It presents no new material, no new arguments which could not be readily met by any one versed in Singletax, yet with the reputation and the publicity facilities of this association behind it, its effect on the progress of the Singletax movement in the Pacific Northwest can not but be severely felt.

practice of forestry. This conclusion doubtless has as a basis the general statement of Singletax propagandists to the effect that "virgin forests are a part of land, a free gift of nature, and should consequently be taxed as land or as a land value." On the strength of such a statement this assumption follows that the value of the land and the value of the timber are to be added together and taxed on an annual basis.

But the assumption is in error in at least two fundamental particulars. The assumption first of all ignores the fact that the term "land" has an economic as well as a common meaning. It is patent that if interpreted in its economic sense the above statement is perfectly intelligible and clear: otherwise it is not. Land in the economic sense

comprises all the elements of nature, the rocks and soil, the forests, the minerals and the waters. When it is understood that the above basic statement simply means, therefore, that the forest—the virgin growth—is a part of nature and that its value should consequently be taxed as a natural value, must we conclude that the only way open to us is to tax it as land surface is taxed? Herein lies the second error in the committee's assumption that it is necessary on the theory that being a Singletax there can be but one way to apply it, or some Singletaxer may have said so, misled, undoubtedly, by the archaic general property tax idea.

The Singletax is simply a tax on the utility values in nature. There is nothing whatever in either the spirit or the letter of the Singletax doctrine requiring that timber be taxed annually. There is, consequently, nothing in reason to prevent the tax being applied in the form of a cutting or yield tax. In fact, it can be shown that such method of application is the one simple and sensible way to apply it to timber and mineral resources as well. Both of these resources have a utility value entirely different from the utility value of either the soil or a water right. The two latter may be used, so far as we know, year after year, indefinitely, and it is therefore proper that they be taxed annually. But a given group of trees in the forest or a given portion of a vein of ore once cut or mined may not be so utilized again. That value which attaches to them in their natural state, therefore, cannot justly be taxed more times than it can be taken from nature. In the

case of the forest, nature may produce more trees in the same place, but their value will be a new and entirely distinct value.

And if, therefore, we tax a piece of virgin timbered land by laying an annual tax on the market value of the bare ground and a yield tax on the value of any timber that is cut, how will this force the destruction of our forests? Such a method of taxing forests, the committee tells us in the main body of its report, will not force the cutting and destruction of our forests, but will aid in their conservation and conversion into well-managed and regulated forests.

The committee's fear that the adoption of the Singletax will operate to the detriment of the practice of forestry may likewise be set at rest. As a tax exclusively levied upon natural values, labor and capital values of all kinds are expressly exempted under the Singletax. Now those who have attempted to practice forestry themselves or have induced others to do so know that it involves the investment of both labor and capital. So that to the extent that forestry is practiced under a Singletax regime there would, to that extent at least, be a decrease in taxes on the value of the forest until with the planted or regulated forest there would be no tax on the value of the forest at all. The soil would, of course, be taxed annually according to its market value as it should be. Instead, therefore, of being destructive in its effects, the Singletax would be constructive so far as our forests and forestry are concerned, whether applied to the virgin forest, the planted forest or any of the transitional forms.

I am in entire agreement with the foregoing and ask that you record your vote on the ballot provided below for that purpose and that you return the same promptly. Those particularly who do not agree with the proposals of the resolution are urged to send in with their ballots any criticisms they may have to offer so that the committee may have the full benefit of such criticism in its work of summarizing the ballot.

Respectfully submitted,
JAMES H. DILLARD, Chairman.

February 22, 1915.

The Forestry Resolution Committee,
 Care Joseph Fels Fund Commission,
 Blymyer Building, Cincinnati, Ohio.

Gentlemen:

I desire to be recorded as . . . favorable to the adoption of the forestry resolution defining the correct principles for applying the Singletax to forests.

Very truly yours,
 Name
 Address

.....1915.
 (date)

Please do not fail to vote and to return promptly with any criticisms you may have to make. Your name and address are essential.