

THE NATURAL TAX

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Automatic taxation. Having seen that every form of indirect taxation is unjust to the poor, and that every form of so-called direct taxation thus far examined is unjust to the honest, we cannot be surprised at the unanimity with which it has hitherto been declared that there is no scientific or natural method of taxation.

Nevertheless, if we can find in actual operation, in every civilised country, a species of taxation which automatically collects from every citizen an amount almost exactly proportioned to the fair and full market value of the benefits which he derives from the government under which he lives and the society which surrounds him, may we not safely infer that this is natural taxation? And is not such taxation capable of being reduced to a science?

Such an automatic irresistible, and universal system does exist. All over the world men pay to a superior authority a tribute, proportioned with wonderful exactness to these social advantages. Each man is compelled to do this, by the fact that other men surround him, eager to pay tribute in his place if he will not. The just amount of this tribute is determined by the competition of all his neighbours; who calculate to a dollar just how much the privilege is worth to them, and who will gladly take his place and pay in his stead. Every man must, therefore, pay as much as some other man will give for his place; and no man can be made to pay any more.

Ground rent. This tribute is sometimes paid to the state, when it is called a tax; but it is far more often paid to private individuals, when it is called ground rent.

Where there is no government there is no ground rent. As government grows more complex and does more for society, ground rents increase. Any advantage possessed by one piece of land over another will, it is true, give rise to rent; but that rent cannot be collected without the aid of government; and no advantage in fertility is ever equal in value to the advantage of society and government. An acre of sand on the coast of New Jersey, at Atlantic City, Cape May, or Long Branch, is worth more rent than a million acres of fertile land five hundred miles distant from all human society. The sixteenth of an acre of bare rock in New York City is worth more than a thousand acres of the best farming land in Manitoba.

Ground rent, therefore, is the tribute which natural laws levy upon every occupant of land, as the market price of all the social as well as natural advantages appertaining to that land, including, necessarily, his just share of the cost of government.

The justice of ground rent. Now observe how perfectly this natural tribute meets all the requirements of abstract justice, with which our professor-friends have so long wrestled in vain. Here is the exact *quid pro quo*. No sane man, in any ordinary society, pays too much rent. For he pays no more than some other man is willing to pay for the same privileges. He therefore pays no more than the market value of the advantage which he gains over other men by occupying that precise position on the earth. He gains a certain profit out of that position, which he could not gain elsewhere. That fact is conclusive proof that this profit is not the fruit of his labour, but comes out of some superior fertility in the soil, some superior opportunity for selling the fruits of his labour, some superior protection from government in the enjoyment of those fruits, or some other advantage of mere position. Thus he receives full value, in exchange for his payment. He receives it; not merely society in general. He receives the *whole* of it; he is not compelled to divide a dollar's

worth of this benefit with his neighbours. But, on the other hand, he pays the full value of what he thus receives; and he owes nothing more to anybody. The transaction is closed, upon fair and equal terms.

Here, then, is a tax, just, equal, full, fair, paid for full value received, returning full value for the payment, meeting all the requirements of that ideal tax, which professors and practical men alike have declared to be an impossibility. It is not merely a tax which justice *allows*; it is one which justice *demand*s. It is not merely one which *ought* to be collected; it is one which infallibly will be and *is* collected. It is not merely one which the state *ought* to see collected; it is one which, in the long run, the state *cannot prevent* from being collected. The state can change the particular landlord: it cannot abolish rent.

Landlords natural tax-gatherers. It is quite true that some men do not pay ground rent to anyone else. But these are landlords, of the most highly developed type. A few of these men seem, at first glance, neither to pay nor receive ground rent. But this is an illusion. They do receive such rent, in the value which remains in their possession, in excess of what they would hold if they paid rent like other people. Moreover, such men almost invariably have either paid a price for the land on which they live (which is capitalised rent paid by them), or they hold land which cost them less than they could sell it for (which is capitalised rent gained by them), or they have done both.

Those who actually receive ground rent, or who could receive it if they would, form the class which we call "landlords." They are the tax-gatherers appointed by Nature. Year by year they assess the value of the privilege of occupying their land. They can do this, with an accuracy to which no government assessor can ever attain; because they receive, at least once a year, the best possible information as to this value, in the form of bids from tenants. They have only to announce their willingness to receive bids; and the bids come in. Nobody runs after the assessor, to tell him what property is worth. Everybody runs after the landlord, to tell him what his land is worth. Not that everybody tells him the truth; but he soon finds out what is the truth, by comparing conflicting statements.

The landlord, we repeat, is Nature's elected tax-gatherer. But Nature does not compel him, any more than any other collector of taxes, to pay over to the state what he collects. This must be done by the state itself.

Taxation of ground rents. Nature, having thus provided a method by which all men pay, of necessity, a tribute sufficient to defray all expenses of government, clearly points to the collection of such expenses from this tribute. We have already seen that Nature and Science condemn every other method of raising public revenue, by making equality and justice impossible under any such method. Do they not, with equal clearness and precision, point to the taxation of ground rents, as not merely a just method of raising revenue, but also as the *only* just one? Scientifically speaking, a tax upon ground rents is not a tax at all: it is merely the collection, by the state, of a tax already levied by an automatic process. If we call it a tax, it is a tax upon the proceeds of taxation, and nothing else. Until this source of revenue is exhausted, every other tax is double taxation. So long as this fund remains, every other tax is of necessity unjust, as truly as it would be unjust to squander the proceeds of any tax among a few favoured officials and then levy the whole of the same tax over again upon the people. Seldom has there been a more beautiful illustration of the wise yet relentless working of natural law, than in the proved impossibility of justly collecting any tax other than upon ground rent. It shows that Nature makes it impossible to execute justly a statute which is in its nature unjust.