

## CHAPTER XI.

### JUSTICE OF NATURAL TAXATION.

§ 1. **A tax on taxation only.** If the proposed method of taxation is not just, it is not natural. But if it is natural, it is just.

To state the case is to demonstrate the justice of the tax. For what is here proposed is simply this:

*To tax the proceeds of taxation, and nothing else.*

For ground rent *is* taxation, and nothing else. The power to collect ground rent is a delegated power of taxation. Can anything be more just than for the State to draw its revenue from the proceeds of such taxation and from nothing else?

§ 2. **Privilege of collection implies duty of payment.** The duty of providing for the whole support of government is indissolubly attached to the right of collecting ground rent. The landlord, as the only natural tax-gatherer, is also the only natural revenue-provider. Every man who buys the privilege of taxation assumes, by the very act, a proportionate share of the burden of government expenses. No lapse of time, no misconception of the situation, no unwise or excessive payment for the privilege can ever relieve him from this inherent obligation. The State may justly resume its rights, to this extent, at any moment, even if it has left them in abeyance for ages. It ought not to demand compensation for the past; because in the United States, at least, the past

misappropriation of these taxes has taken place under the eyes and with the free consent of the people. But nothing has happened which deprives the State of a perfect right to demand performance of this duty for the future.

The case would be entirely clear to every disinterested mind, if a simple power of levying taxation had in terms been granted to a private citizen. Thus, if the State of New York had granted to the first Astor and his heirs forever the right to exact an annual poll tax of one dollar per head from all inhabitants of the State, either without consideration or for a cash payment of one dollar for each inhabitant then living, nobody outside of the Astor family would hesitate about the matter. Much less, if the State had granted to the Astors the exclusive right to collect for their own use all the taxes which should ever be levied in any form whatever, would there be any doubt that the State would have both the legal and moral right to require the Astors to pay, out of the proceeds, all the necessary expenses of government. No judge would hesitate a moment to say that such a condition was implied in the original grant, notwithstanding any words to the contrary; or else he would hold the grant utterly void, as beyond the power of any legislature.

Yet this is exactly a parallel case. Nay, it is not too much to say that it is the very case in question. The State, in parcelling out the land within its borders among private owners, gave to them the whole power of taxation which, in the nature of things, could exist at the foundation of any State. For in any newly settled country there is absolutely nothing to tax, except the rental value of the land.

§ 3. **Illustrations from American history.** Of this fact, there have been repeated illustrations in the recent history of the United States. Within the memory of

most living electors, Kansas, Nebraska, North Dakota, South Dakota, Colorado, Wyoming, Idaho, and Oklahoma have been opened for the first time to settlement. Prior to that time it was not lawful for any white man to take up a permanent residence within their limits; they had no local government and no taxes.

When such a territory was opened, its first need was some government. This was, as a matter of fact, provided by the United States, which were only partly reimbursed by taxation. But if this had not been done, what would have been the natural course of events? The people would have organized a provisional government, as they actually did in California in 1849. There were no houses, no barns, no improvements, no mortgages, no personal property fixed long enough in any one spot to be capable of assessment. What was there which could possibly have been taxed in the first week of territorial existence? Nothing, except the value of the land. Was that sufficient? Let the experience of Oklahoma answer. Scores of thousands of people swarmed to the border, kept out by government rifles until the hour struck at which they were allowed to enter. Then they rushed in at full speed, tearing their way like mad bulls—where? To the land offices; where they could purchase for a trifling sum the legal right to tax those who fell behind in the race. What was there then to tax? Nothing but the privilege of living on the best tracts of land. Not the farming districts, but the town lots were the prizes in view. These were what the federal officials seized for themselves. These were the rewards which tempted men to perjury and fraud, as well as to zeal and long self-denial.

And what did the government find to tax at that moment? No houses; no chattels; nothing but the privilege of settling upon the land; and from this it

derived an immediate and large revenue; although it threw away nine tenths of what it might have received, to be scrambled for by the owners of fast horses and by its own knavish servants, leaving the honest mass of settlers to pay tribute to the favored few, who swore that they meant to settle on the land, and knew that they were swearing to a lie. All the powers of local government were then turned over to the few thousand voters, who thus gained possession of the land, either direct from the federal government, for nothing, or from those who had forestalled them by speed or fraud, for a price. Still there was practically nothing to tax, except land values. The annual ground rents were amply sufficient to pay all the cost of government. But in the course of a year or two, other settlers drifted in. The landowners, being still in the majority, not only exacted in rent from the newcomers the full market value of the privilege of living in the territory, but further proceeded to shift as much of the burden of taxation from their own shoulders as they possibly could, by taxing personal property.

Now is this the natural and sensible method of opening new territory? Is there not a better way? Would not common sense and science agree that the true policy of the nation would have been to say to all the proposing settlers: "Take this land. Charge what you please to new settlers, who wish to buy of you the privilege of living there. But out of the sums thus collected you must pay all the expenses of government, local and national. You shall not make your tenants pay the cost of government, in addition to the rent which they pay you for the mere privilege of living on the land which has been given you free of charge." Clearly, if there is anything unfair in such an arrangement, it is not unfair to the gratuitous grantees of the land.

§ 4. "Confiscation." It will be said, of course, that this method of taxation is mere "confiscation"; and, to the minds of many, this will be a conclusive objection. It is to be regretted that the brilliant author of *Progress and Poverty* should have even once used this word; thus seeming to identify the cause of equal taxation with apparent robbery and to confound justice with injustice. Although such may not have been its original meaning, yet by long usage "confiscation" is understood to mean a punishment for crime or moral incapacity. We are not at liberty to confiscate, in this sense, either land or its rent.

But no question of confiscation arises in the case. If all the land belongs to all the people, if past generations had no power to alienate it from the control of the present, if its rent is now wrongfully withheld from the people, their taking the whole of it would be merely a just resumption of their own, not confiscation. And, this is all which Henry George ever meant; as page after page of his book clearly shows. It is not necessary, however, to discuss that question here. We are not inquiring into the wrongs of the past or even into the general rights of the people in the present. We are considering only the proper method of raising *necessary* revenue.

§ 5. "Class legislation." The only pretence for charging that this method is a measure of confiscation is founded upon the allegation that it is unjust to put the whole burden of taxation upon a single class. In the light of past history, during which the owners of land have used all their powers, with immense success, to get rid of all taxes upon themselves and to cast the whole burden upon the landless poor, their present remonstrances, sometimes pathetic, sometimes ferocious, against a reversal of their methods, are highly entertaining.

Every tariff duty, every excise tax, every indirect tax bears witness to the persistent ingenuity with which the collectors of rent, the natural tax, have shifted the burdens of public taxation upon other shoulders. Not one dollar of our vast federal revenue is collected from rent. Nine tenths of it is collected from the comparatively poor. Great Britain has been hitherto governed by large landlords: America by small ones. Both alike have evaded the taxation of rent as much as possible. Both alike have never hesitated to ruin vast numbers of their fellow citizens, by sudden, arbitrary and disastrous changes in methods of taxation. Both alike have never dreamed of allowing the smallest compensation to the victims of their caprice. But, as only great landlords can make a profit out of such methods, British landlords have made themselves wealthy in this way; while the mass of American land-owners have plundered themselves for the benefit of a few.

**§ 6. Compensation.** There is no precedent for the doctrine that taxation must be spread over the whole community, and still less for the novel claim that the State is bound to compensate taxpayers for the payment of taxes. When will any congress compensate Americans whose property was destroyed by changes in the tariff?

Originally, all land was granted by the State upon the express or clearly implied condition that the grantee should provide for all the expenses of government. The land-owners gradually shifted the burden off their own shoulders, by new taxes on the non-voting population. But even they had not the audacity to make a perpetual covenant between themselves and the government which they controlled, for exemption from taxation. The plea of their successors is that, by long failure on the part of the people to demand their rights and the performance

of the conditions upon which the land was granted, landlords have been led to believe that such a demand would never be made; that many of them have paid large prices for the privilege of charging rent, in the belief that rent would never be taxed; and that it is unjust for the State to change its policy in this respect, without giving to them as much with one hand as it takes from them with the other.

The argument is just as valid in favor of kings and nobles; and it has been urged upon their behalf with equal sincerity. Down to 1788 French nobles were exempt from most taxes. Many men (like Beaumarchais) bought a title, partly for the sake of this exemption. The French Revolution swept away all these privileges, without a shred of compensation; and all the world now says that this was perfectly right. But to an army of tax-eaters in those days it seemed monstrously wrong. The parallel is complete.

**§ 7. Compensation for vested rights.** The concentration of all taxes upon ground rents, if enacted at the foundation of a state, would obviously be simple justice. Why is it not equally just at any later period? "Because," it is said, "there have been many changes of ownership: vested rights have sprung up: new men have bought the land from the original owners, paying a much larger price than they would have paid if it had been understood that rent would be taxed. Heavy taxation will destroy the market value of the land; and this would be robbery under the forms of law."

What is this land value, which is so sacred that it must not be heavily taxed? Nothing in the world except the value of a power, conferred upon individuals, to tax other individuals for the privilege of standing upon the earth. It is the only kind of property which cost the original

owner nothing, in either wealth or labor. Every other form of property was called into being by honest human skill and labor, and was therefore fully paid for. Property in ground rents was, in every instance, originally acquired either by undertaking to bear the cost of government, as in feudal times, or by gift or theft, just as we have seen it acquired in Oklahoma. No doubt, thousands sacrificed much, in the pursuit of Oklahoma land, by hanging on the borders of the territory for weeks, waiting for the day upon which the gift was to be made. But by doing so they no more gave value for the land, than beggars give value for what they get, by standing hat in hand all day long.

It is true that this power to levy taxes upon other men has been sold, over and over again, at increasing prices, and is now generally held by men who paid something of value for it. But what of that? The State never pledged itself to exempt this privilege from taxation, or to limit the amount to which it will be taken for public purposes; and no legislature has any moral right to do so. The present owners of the taxing power have bought upon a speculation, and must take all the chances of speculation. Among those chances is the possibility that the State may call for no part of the tax collected under the name of rent, and, on the other hand, the possibility that it may call for nearly the whole of it. All other forms of property are bought on a similar speculation.

Iron, steel, glass, crockery, tin plates, buttons, laces, whisky, apples, eggs, horses, cattle, mortgage bonds, bank stocks, railway shares, and hundreds of other things are bought and sold, with full knowledge that there may be sudden and vast changes in the rates of taxation upon them, made without notice, without the slightest scruple, and without even a thought of compensation to the many



who suffer thereby. The tax on whisky was suddenly raised to 50 cents, then to \$1, then to \$2, then reduced to 50 cents, then raised again to 90, and all without the slightest compensation to anybody. The tariff taxes were suddenly increased 50 per cent. all around, in 1864, in one night, without notice and without a dream of compensation.

Why, then, this amazing and unexampled tenderness for speculators in the privilege of taxing their fellow men? The answer is easy. Most of the losses arising from increase in other forms of taxation fall upon the masses of comparatively poor; because the burden of such taxes is shifted upon them. None of the loss arising from an increase of taxation upon ground rents would fall upon the poor; because that burden cannot be shifted upon anybody. It is the old, old story. The right of the rich to plunder the poor is a vested right, sacred, even in the eyes of the poor themselves, through long training in abject servility.