

THE SINGLE TAX REVIEW

A Record of the Progress of Single Tax and Tax Reform
Throughout the World.

QUESTIONS AND ANSWERS.

(For the Review.)

By ELMER E. WARNER.

Question. Mr. A saves his earnings as a mechanic for 30 years, investing in land. Mr. B saves his for the same time and invests in saloons. A is worth \$6,000 and B worth \$50,000. Why should the community at a single stroke take away A's small income from his \$6,000 and add to B's large income from his \$50,000? Is the making of drunkards an industry we should encourage by freeing it from taxation? Is the owning of land such a crime that we should take without compensation a whole life's savings?

Answer. The question is not explicit in regard to the term "saloon" and dealing simply with surplus wealth does not at all indicate, if its presumptions are correct, the general effect of the Single Tax on the earnings and future prosperity of A and B.

In direct answer to the question as stated it is *not* just to confiscate A's earnings, nor is it necessarily involved in the adoption of the Single Tax. The real question at issue is, not the effect of the Single Tax on present accumulations of wealth, but its influence on future production and distribution; this demonstrated, and the introduction justified, the minimizing of local and temporary injustices involved in its adoption is next in order.

Question. Farmers are the worst paid workers as a class that we have in America. The great bulk of the life savings of farmers is in their land. Are stock gambling and brothel-keeping industries to be encouraged by freedom from taxation while farming is to be punished as the worst of crimes, deserving practically complete confiscation of their life savings?

Answer. A large part of the farms in this country are not worth the cost of improvements on them.

This follows as a logical sequence from the first statement made in the question. In the general depreciation improvements more or less transportable have not fallen as rapidly as bare land. Deduct a fair price (market price) for house, barns, implements, stock, fences etc., and what is left?—nothing in most cases. You have one hundred acres of average land in northern New Jersey but no improvements, not even fences. Find a tenant who will pay you any amount of rent for it—anything like the amount now paid in taxes direct and indirect on improved farms of the same size, and this question will deserve more consideration. The fact is that economic rent on unimproved farm land has almost disappeared and the abolition of all other taxes with adoption of S. T. is all in the farmer's favor.

Question. Some business men may try to found a new city or open a new

addition to an old one. Hundreds spend their earnings on lots. It is found that the cost of sewerage is too great to make it available or that the water supply is unwholesome and the whole experiment is a failure. In another region a similar experiment is tried and is successful. The hundreds whose earnings were invested here doubled their money in a few years. If it is right for the community to confiscate the property of the hundreds of investors of the successful experiment why should it not also be right for the community to restore the lost earnings of the investors of the experiment that failed? Where is the justice in confiscating all the successes and letting individuals take all the risks and losses?

Answer. The author of this question is evidently laboring under a delusion.

The State will not confiscate the property of the successful business men. No tax could be considered confiscatory except on evidence that it bore inequitably on individual tax payers or took more than was returned in substantial benefits. Those business men simply decide that a certain sum must be raised by taxation for public improvements, sewers, paving, flagging, etc., and that it may be most equitably assessed by appropriating the rental value of bare land.

This is not confiscation any more than an assessment based on lot frontage as at present, so far as the question indicates, but merely wise communal investment.

The assumption that under the Single Tax the State could abstract the ground rentals of a community without making any, or even a commensurate return is too grotesque to merit serious consideration.

It is even more absurd than if postulated of present systems of taxation, for the use of the unearned increment by the *community that creates it* is a fundamental tenet of Single Tax philosophy.

Therefore, since the Single Tax does not confiscate the earnings of the successful, there is no logic in its paying the losses of the foolish and unfortunate.

Question. Will not the capitalists who lease the land from the Government and build houses thereon compel the tenants to pay the taxes in rent just as they do now? Where then will the gain come in? If the Government refuses long leases, who will build houses?

Answer. Prof. Seligman in his monograph on "The Shifting and Incidence of taxation" shows very conclusively that the *occupier* of land would pay the Single Tax, in other words that economic rent could not be shifted. This paper of his is considered one of the ablest on this point and the writer in quite an extensive reading of economic literature has not seen the conclusion disputed.

The very statement of the question indicates a confusion of thought. It is not even assumed by Single Taxers that capitalists would be obliged to pay the taxes on land on which they built; for that reason, the question of shifting the tax is not a debatable one.

Capitalists building would get current returns for their investment of capital, and *wages* simply for collecting and handing over to the Government the ground rental assessed on the property as a whole.

They would not be salaried officials of the Government, but the law in its adjustments would award them something for collecting with their own rents the share due the Government. Capitalists generally will have precisely the same inducements to build that they now have in loaning from landholders, as is largely the case; to them it makes no difference whether they lease from Trinity corporation or the Government; nor is there any justifiable implication of a refusal of the Government to grant as long and favorable leases as at

present. Evidently there lurks in the mind of the questioner a vague notion that the Single Tax might in some way be shifted from rich to poor. And at the same time a very positive conviction that it would be confiscatory.

It is impossible for the writer to quite understand or to fully explain this paradox. For argumentative purposes it is merely necessary to indicate that these opinions are irreconcilable and cancel each other.

Question. Is it not speculation in land that spreads out a city? Is not the tendency always for human beings to huddle closely together? Would we not therefore have less healthy and more compact cities under Single Tax than at present?

Answer. The compactness of a city does not determine its healthfulness. The sanitary conditions secured by pure water, perfect sewage systems, inspection of buildings and foods all can be secured most cheaply and therefore sooner and more perfectly in a compact city; furthermore, there is not the slightest justification for the conclusion that a city under the Single Tax would be any more compact than its citizens thought best. Vacant land now held for private gain might be used for public benefit as parks. Suburban lands would be cheaper and probably more accessible than now, as speculation was prevented, and there would be the greatest encouragement to its occupancy.

Question. Who knows or has ever figured out the total value of land, exclusive of its improvements? Without such knowledge how can any one tell whether the Government could or could not be ran by the income from land values?

Answer. The revenues from ground rentals have been figured out repeatedly and approximate the present expenditures of Government. The matter is scarcely worth serious consideration at present, as Government expenditures are elastic, and the Single Tax can be remitted or supplemented by other taxes if found necessary.

Question. Is the title "Single Tax" any more than a dim and ignorant speculation about something that no one knows anything about, and that the probabilities seem to militate against?

Answer. The Single Tax is a dim and ignorant "speculation" with a great many advocates; but it is chiefly so among those who oppose it without reading its literature or having any comprehensive view on the general subject of taxation. It has been adopted progressively in New Zealand and in more modified forms in Australia; but although it is a live question in most civilized countries, it has not yet had a fair trial.

Question. Is there now, or has there ever been in the world such a thing as absolute ownership of land? Has not the Doctrine of Eminent Domain always to some extent prevailed?

Answer. No and yes.

Question. With qualified ownership of land—*i. e.*, land that the public can at any time seize for the public good by paying a fair value thereof, show us a single feature of injustice or wrong in such ownership?

Answer. The doctrine of eminent domain has always been held, but never fully enforced. Abstractly it demands that land in private hands should be put to its highest use. At present the State taxes heavily the man who puts up a building on his lot and benefits a community, while it partially exempts the man who allows his adjoining lot to lie unused and unimproved in the hope of profiting by the rise in value made by his neighbor. The Single Tax says to him, this lot is community capital, you must pay as much as it would let for, or relinquish it to those who will put it in productive use. It is merely a more complete application of the recognized right of eminent domain.

Question. In America all ownership of land has come from the community to the individual. Has the community no right to grant such qualified

ownership? If it has, the ownership is just and right, if it has not, then the Single Tax is as devoid of right. The community has no more right to assess a tax of the kind, than it has to give a title.

Answer. Yes! Ignoring moral considerations the community has a right to grant any title to land it thinks best, and to withdraw it at will. The right of the community to do what it deems best for itself at all times, is the only sound constitutional law and should be eternally supreme.

A man who builds factories under the Dingley tariff law, has absolutely no redress; if a Wilson bill ruins his business a few years later, he must take the risk. The man who buys land at present does likewise, and as a matter of judicial precedent has no more claim to special protection than the manufacturer.

Question. If rent causes poverty, why is it that where wages are high, rents are high, where wages are low, rents are low. And that in proportion to the rent paid by a community, its savings increase? Emigration is always away from regions of low rent to regions of high rent. Why is this so?

Answer. Wages are somewhat higher in proportion to purchasing power in centers of civilization because these places give the maximum efficiencies in an advancing civilization.

Emigration is generally toward high rent localities, because the immense relative growths of manufacturers and commerce over agriculture have created a labor demand in that direction. Furthermore, labor is always a little higher in new occupations than old; the quickest to adapt themselves gain a small advantage relative to the rest.

Savings are somewhat greater for the above reasons, and because the old standard of living still clings largely while earnings increase—witness German and Italian emigrants, etc. The demand for capital and conveniences for saving, banks, associations etc., might also be cited.

Some of the questions deal with injustices incident to the introduction of the Single Tax and do not touch the vital matter of its effects in full operation. They are made from the stand point of effect on present accumulations of wealth, and not from the central and all important one of effect on future production of wealth and the general well-being of mankind. The immediate effect of land holders in extreme cases is emphasized without regard to the equally direct effects on these same individuals as laborers and capitalists.

The chief difficulty in the mind of the questioner seems to lie in the lack of a comprehensive view of the effects of Single Tax, not on A & B relative to each other, but on the community as a whole. As a suggestion merely the following brief outline is annexed:

1st. All other forms of taxation being abolished, the present land tenant class will only pay taxes as ground rent on space occupied: This they now pay to private landlords in addition to a great variety of indirect taxes which aggregate about as much more:

1st. Effect then—tenant tax reduced about one half.

Considering next the present small land holders and occupiers; it is obvious that their tax would be increased or decreased just as the rental value of the land they occupied exceeded or fell below their present aggregate tax payments. Statistics showing the proportion between the rental value of land owned by occupiers and their present aggregate taxation are not available, but their position obviously is midway between the landlord who now collects ground rental and the tenants who pay them. The tenants tax will be lower, the small occupiers tax will be about the same as the present on the average. Higher where land values are rising, lower where they are falling. The large land holders will pay more than they do now.

This of course is only a hypothesis, you say; but it proceeds from a

demonstrable proposition, *viz.*: that the tenant classes which by last census number six and a half million families out of twelve and a half in U. S. will pay but about half their present amount of tax.

This deficit, assuming equal gross collections, must be made up between present small and large land owning classes with a fair presumption, nay conclusive proof, that the large landholder would pay the most of it. This is the ante-bellum statement of the case.

From the standpoint of the Single Tax the community as a whole pays the tax without a possibility of estimating the individual contribution exactly, as in fact we cannot now. Occupiers of land simply turn over to the state the unearned increment that collects under their feet, in other words, on the land used.

The Single Tax furnishes an ideal, unevadeable and unshiftable contribution to the needs of the state.

Under the present conditions the rich contribute voluntarily and through private organization to the support of the unemployed and indigent in addition to their Government contribution. Under the Single Tax it is believed that this would be unnecessary. Hampering taxes make paupers and necessitate charity in the first case. Relief from taxation and greater freedom and opportunity for employment make taxation unnecessary in the second. In the very extreme individualistic view, it is merely the difference between private and public, covert and acknowledged socialism, for the means of the strong must be used to aid the helpless in the Christian and common view. This is the condition, not the theory.

In conclusion the writer would like to put a few plain questions :

- 1st. Did you ever study systems of taxation?
- 2nd. Have you discovered any law or laws which indicate its evolutionary directions?
- 3rd. In what general direction should changes in taxation move, and what immediate modification would you suggest?
- 4th. The practice of taxing evils, in order to minimize them, especially the production and consumption of alcoholic beverages, is experientially established in every civilized country. Do you think this is all a mistake, or do you endorse the principle?
- 5th. Is not the holding of land of communal utility, coal fields, water frontages, Broadway lots, out of productive use, an evil?
- 6th. Do you not think a tax which would make it unprofitable to hold land out of use a wise tax from the standpoint of the public good and a natural extension of the principle of taxing evils, in order to minimize or destroy them, which is theoretically the basis of the liquor and excise tax?



THE STORY OF THE HYATTSVILLE, MD., SINGLE TAX EXPERIMENT.

(For the Review.)

By JACKSON H. RALSTON.

The most striking result in the United States of the recent development of the Single Tax idea in political matters, although operating in a very circumscribed area, was given at Hyattsville, Maryland, in the summer of 1892. This town is a suburb of Washington, located in the State of Maryland a short distance beyond the District of Columbia line. In the summer of 1892, a