

CHAPTER I
WHAT THE SINGLE TAX METHOD IS

Single Tax is the name given to the method by which it is proposed to effect the transfer of ground rent from the pockets of the landowners to the public chest. It contemplates—

- (1.) That an assessment shall be made of the annual ground rental value of all land, and that a tax, payable by each owner at his post-office, shall be levied on this at a uniform rate, and without exemption.
- (2.) That it shall begin with the present amount of tax—which is, however, levied upon a different basis—viz., upon the capital value and not on the annual—and be gradually and periodically increased.
- (3.) That with each addition to the tax upon ground rental values a corresponding remission shall be made of a tax on something else, and that this double operation shall be continued until all revenue shall be derived from ground rental values.
- (4.) That all rates raised by local authorities shall be levied upon the same assessment.
- (5.) And, finally, that if the colonial and local revenues combined do not require the whole of the annual ground rent, then the balance shall be taken up by additional taxes or rates, and be devoted to further expenditure for the public benefit.

CHAPTER II.

WHAT IT IS NOT.

- (1.) It is *not* an *acreage* tax, but an *annual value tax*.
- (2.) It is *not* a tax which would fall upon any *improvements*, whether large or small, but upon the rental value of the *ground* alone.
- (3.) It is not a tax merely upon cultivated land, but upon land, wherever situated, which is used for any purpose whatever, and also upon that which is held out of use; in short, as already expressed, upon *all* land.
- (4.) It is *not* a proposal to free the townspeople from taxation, and to place it on the shoulders of the country settlers.
- (5.) It would not treat the mortgagee (as the existing Land Tax Act does) less favourably than the owner, but would consider him as being, *pro ratâ* with the owner, interested equally in the *land* and in the *improvements* upon it.
- (6.) It is *not* a tax which would single out large owners or absentees, in order to levy upon them a graduated tax; nor would it allow any complete exemption to small owners, or any partial exemption to medium ones. It would, as already stated, "be levied at a uniform rate and without exemption."
- (7.) It is *not* a proposal to increase the total amount of the present taxation, but to substitute *one* tax for the *many* now in existence, and to alter the *incidence* of it, so that, instead of being, as at present, a deduction from the *industry* of the *whole people*, it would be paid exclusively by the *owners of land* out of the *ground rents* which they had previously received from the people.

CHAPTER III.

IT SUPPORTS "FREEHOLD" TENURE.

IT will be desirable to state at the outset that Single Taxers are very much misunderstood by those who charge them with aiming a blow at *freehold* title. Some are pleased to describe freehold as the cornerstone or foundation of civilised society, and to state that the one thing upon which we all set our hearts is some day to become possessed of our own *freehold*. Yet these people are generally among the strongest upholders of the present system, which denies it to so many. The desire is certainly strong, and may perhaps not inaptly be described as an *instinctive* one. Everyone who carries on any industry recognises that the possession of a freehold will afford him the best chance of securing to himself the proceeds of his industry. It is true that he has to pay smartly for the freehold, but in doing that he knows the worst of it at once. If he does not acquire it, he is liable to an increase of rent, or to have his tenancy determined at some time which may be particularly inconvenient to him. Of two evils, like a sensible man, he chooses the least. *Leasehold* and *freehold* are at the antipodes of each other in their leading principle. The former renders *insecure* and the latter *secure*, the produce of the industry of the user of the land. For this reason Single Taxers are strong supporters of freehold title. They wish to *extend* the benefits of freehold tenure to all who carry on any industry which adds to the conveniences and the wealth of the community. Their complaint is that the blessings of freehold, being denied to tenants, are not *sufficiently widespread*. A very fitting toast in the mouth of a Single Taxer would be, "*The extension of freehold amongst the people who produced.*" This statement will come as a surprise to many, who have only gathered the supposed views of Single Taxers from the erroneous statements of their opponents. It is always much wiser to go to the fountain head for information.

The leading principle which Single Taxers hold is that no man is justly entitled to be more favourably located than another; that if he prefers a given site upon which to exercise his industry, he should make to the

community an annual payment, which shall be equivalent to the value of the preference allowed to him; that this is the only possible way by which he can return an equivalent for what the community allows him; that he should not be permitted to pay cash down, in advance, for the supposed value, in perpetuity, of the preference; that as this future value is not ascertainable, but only the present value, it is necessary to make periodical re-assessments in order to equitably adjust all interests.

A very important modification would thus be introduced into the meaning of freehold in the future, but it will presently be shown that the resulting changes would make it a word pregnant with much greater security and much brighter hopes, than at present, to the industrious citizens of the nations who should make the change.

CHAPTER IV.

THE LINE OF CLEAVAGE IS BETWEEN LAND VALUES AND LABOUR VALUES.

THE exemption of improvements from taxation is the dividing line between land monopolists and Single Taxers. The principle upheld by the latter is that no taxation should fall on *labour products*, but that all should rest upon *ground rents*. There is nothing else which can be taxed. We must either tax what Nature *has presented* to us, or else the work which *we perform* upon these gifts. If, to satisfy our instincts, or to give greater efficiency to our labour, we congregate together, it follows that various spots become more useful than others for certain purposes. If the individuals who occupy these render no equivalent service to the public in return for the permission, they enjoy a *privilege*. The rest are then *prejudiced* to a corresponding extent. The only way to cure it is to assess the *annual value* of every *permission to occupy* — to take up the whole by taxation, and to use it for the purposes of the community. This is just a longer reading, in different words, of the title page of the pamphlet: "*Ground Rent the True Source of Public Revenue: How to Secure it for This Purpose by Means of the Single Tax.*" Landowners uphold and Single Taxers denounce the system still in vogue of taxing land, and that which we produce from it, as if they were alike in their nature. Just recently many landowners have joined in the general condemnation of the continued taxation of improvements. Now that only *large* improvements are taxed, they very naturally wish to have them exempted. But the fact remains that, as a class, they have always upheld the system which taxed land and improvements alike, with the very obvious intention of preventing the community from perceiving the essential difference between the natures of the two.

The principle which exempts all *labour products* will exempt *improvements*, whether large or small, because they are all the result of *labour*. It is dangerous to violate a sound principle; it gives the whip-hand to its opponents. It is very short-sighted of those who live by

industry to permit the taxation of any of its numerous forms. The list of those who so live is not restricted to "the horny-handed," or to "wage-earners," or to those who receive "salaries," but it includes all who, by the exercise of *any faculty whatever*, perform *any service* which is *useful* or *agreeable* to their fellows.

The thing which those who live by industry have most to dread is the continuance of the false impression that *labour products* are of the same nature, and should therefore be placed in the same taxing category, *as land*. There is no more land in the world now than at the beginning. All the land transactions that have ever taken place have not added an acre to its area or a pound to its value. It is *labour* which adds to the world's total of wealth — nay, it is labour which has from the first produced it *all*.

The fact that Single Taxers hold this distinction between *land* and *improvements* as the very basis of their system is the present reason for emphasising their objection to any tax falling upon improvements. It is the more necessary because their opponents frequently confuse the issue, and make appeals to land users based upon an opposite assumption.

One of the latest instances of this occurs in the *New Zealand Herald* of June 7, 1893. The leading article criticises part of "The Liberal Platform," published in its previous issue — a part in which Single Taxers must feel a kindred interest. One paragraph of the article is devoted to Clause 6 of the platform, which reads in full as follows:—
"6. Land Tax pure and simple, so as to ensure to the State the future unearned increment. No taxation of improvements."

The *Herald's* paragraph begins with quoting, between inverted commas, the first sentence of the clause. The second sentence, of four words, is omitted. The writer goes on to explain and to condemn, and then says:

"We commend this principle to the calm consideration of all country settlers, however small their holdings. Their ownership of the land is to be destroyed; *they are merely to CULTIVATE and IMPROVE for 'the*

State,' as represented by the Liberal Associations of Dunedin and Auckland."

The italics do not appear in the leading article, but the words are here printed in that way to mark the style of criticism employed. Even if the words (omitted in the *Heralds* quotation of Clause 6), "*No taxation of improvements*" had not been inserted by its authors, there would have been no excuse for the writer's action. The term "unearned increment" is not an obscure or ambiguous one, and is never understood to include the result of the *cultivating* and *improving* done by country settlers. When they "*cultivate* and *improve*" the results are usually *crops* and *improvements*.

Apart from the four words omitted in quoting Clause 6, the writer can scarcely be unaware that these are results which are quite separate from "unearned increment," and were not intended to be appropriated by "the State," or to be subjected to the smallest modicum of taxation.

But this is the sort of criticism usually meted out to all land taxers, and they have now got used to it. *Town* settlers are overlooked by the *Herald*, but they should equally give it their "calm consideration." It would be well for all to view the matter thoroughly and completely when they are about it, and with that intent they should also study the letter signed "Iconoclast," in the issue of the 8th June. He undertakes to "explain and interpret and put into more simple language" the various clauses. Number 6, thus treated, reads, "The confiscation to the State of all private property. Farmers in future to belong to the soil, and pass with it."

The leading article is solemn and monitory, the letter is a light fusillade of banter, but it is difficult to decide which should be taken the more seriously. The former is addressed to "country settlers," the latter is considerably worded "so that they who run may read."

Further comment is needless: "a word to the wise is sufficient."

CHAPTER V.

IT IS TO BE BASED UPON VALUATION, AND NOT COMPETITION.

It may be objected by some that no method of fixing the ground rent by means of an *assessment* would be fair, but that it would be necessary, in order to give everyone an equal chance, to submit all land periodically to *public competition*, and to let it to the *highest bidder*. This is a matter of detail, upon which the writer can only express his individual opinion. His opinion is that the competitive plan would *not* result in giving an equal chance to all, seeing that the well-to-do man would have an advantage over the poorer man and the beginner. If this is so, then the very argument for its institution falls to the ground. But there is a very strong reason *against* the competitive plan. It is this: that it would lead to short periods of tenancy, and therefore to uncertainty, which would result in inferior cultivation and backwardness in making improvements. Permanence of ownership and freedom from every uncertainty to which a tenant is liable are among the prominent things which Single Taxers desire to obtain for land users. They seek to make it possible for every user, whether in town or country, to enjoy the fullest certainty in his operations which "freehold" can afford him. They wish to remove from users the competition of speculators and landlords, because this prevents many users from getting it at all, while it increases the price to those who succeed. But, further than this, it will be necessary to remove from them the need of competing amongst themselves. And what possible cause of complaint could any individual, or the whole community, have to make against an owner as long as he paid the required levy upon the community's own valuation of the ground rent?