

CHAPTER 3

OF THE EFFECT UPON INDIVIDUALS AND CLASSES

When it is first proposed to put all taxes upon the value of land, and thus confiscate rent, all landholders are likely to take the alarm, and there will not be wanting appeals to the fears of small farm and homestead owners, who will be told that this is a proposition to rob them of their hard-earned property. But a moment's reflection will show that this proposition should commend itself to all whose interests as landholders do not largely exceed their interests as laborers or capitalists, or both. And further consideration will show that though the large landholders may lose relatively, yet even in their case there will be an absolute gain. For, the increase in production will be so great that labor and capital will gain very much more than will be lost to private land-ownership, while in these gains, and in the greater ones involved in a more healthy social condition, the whole community, including the landowners themselves, will share.

In a preceding chapter I have gone over the question of what is due to the present landholders, and have shown that they have no claim to compensation. But there is still another ground on which we may dismiss all idea of compensation. They will not really be injured.

It is manifest, of course, that the change I propose will greatly benefit all those who live by wages, whether of hand or of head—laborers, operatives, mechanics, clerks, professional men of all sorts. It is manifest, also, that it will benefit

The proposal to confiscate rent is at first alarming to landholders.

But in fact landholders will not really be injured by this reform.

Mainfestly, it will benefit all who live by wages,

and all who live partly by wages and partly from interest on their capital,

and whose incomes are drawn from the earnings of capital, or investments (except in lands or perhaps in bonds).

all those who live partly by wages and partly by the earnings of their capital—storekeepers, merchants, manufacturers, employing or undertaking producers and exchangers of all sorts from the peddler or drayman to the railroad or steamship owner—and it is likewise manifest that it will increase the incomes of those whose incomes are drawn from the earnings of capital, or from investments other than in lands, save perhaps the holders of government bonds or other securities bearing fixed rates of interest, which will probably depreciate in selling value, owing to the rise in the general rate of interest, though the income from them will remain the same.

Take, now, the case of the homestead owner—the mechanic, storekeeper, or professional man who has secured himself a house and lot, where he lives, and which he contemplates with satisfaction as a place from which his family cannot be ejected in case of his death. He will not be injured; on the contrary, he will be the gainer. The selling value of his lot will diminish—theoretically it will entirely disappear. But its usefulness to him will not disappear. It will serve his purpose as well as ever. While, as the value of all other lots will diminish or disappear in the same ratio, he retains the same security of always having a lot that he had before. That is to say, he is a loser only as the man who has bought himself a pair of boots may be said to be a loser by a subsequent fall in the price of boots. His boots will be just as useful to him, and the next pair of boots he can get cheaper. So, to the homestead owner, his lot will be as useful, and should he look forward to getting a larger lot, or having his children, as they grow up, get homesteads of their own, he will, even in the matter of lots, be the gainer. And in the present, other things considered, he will be much the gainer. For though he will have more taxes to pay

The typical homestead owner will gain. The selling value of his lot will theoretically disappear, but its usefulness to him will not diminish. If he later wants a larger lot, or his children grow up and need homes, these will be easier to obtain. He will never have to pay any taxes on his house, his furnishings, or any other possessions except land.

upon his land, he will be released from taxes upon his house and improvements, upon his furniture and personal property, upon all that he and his family eat, drink and wear, while his earnings will be largely increased by the rise of wages, the constant employment, and the increased briskness of trade. His only loss will be, if he wants to sell his lot without getting another, and this will be a small loss compared with the great gain.

His earnings will increase due to higher wages and more stable employment.

And so with the farmer. I speak not now of the farmers who never touch the handles of a plow, who cultivate thousands of acres and enjoy incomes like those of the rich Southern planters before the war; but of the working farmers who constitute such a large class in the United States—men who own small farms, which they cultivate with the aid of their boys, and perhaps some hired help, and who in Europe would be called peasant proprietors. Paradoxical as it may appear to these men until they understand the full bearings of the proposition, of all classes above that of the mere laborer they have most to gain by placing all taxes upon the value of land. That they do not now get as good a living as their hard work ought to give them, they generally feel, though they may not be able to trace the cause. The fact is that taxation, as now levied, falls on them with peculiar severity. They are taxed on all their improvements—houses, barns, fences, crops, stock. The personal property which they have cannot be as readily concealed or undervalued as can the more valuable kinds which are concentrated in the cities. They are not only taxed on personal property and improvements, which the owners of unused land escape, but their land is generally taxed at a higher rate than land held on speculation, simply because it is improved. But further than this, all taxes imposed on commodities, and especially the taxes which, like our protective duties, are imposed with a view of raising the

Working farmers will benefit from the elimination of all other taxes, including tariffs, which raise the cost of commodities they buy.

prices of commodities, fall on the farmer without mitigation. For in a country like the United States, which exports agricultural produce, the farmer cannot be protected. Whoever gains, he must lose. Some years ago the Free Trade League of New York published a broadside containing cuts of various articles of necessity marked with the duties imposed by the tariff, and which read something in this wise: "The farmer rises in the morning and draws on his pantaloons taxed 40 per cent. and his boots taxed 30 per cent., striking a light with a match taxed 200 per cent.," and so on, following him through the day and through life, until, killed by taxation, he is lowered into the grave with a rope taxed 45 per cent. This is but a graphic illustration of the manner in which such taxes ultimately fall. The farmer would be a great gainer by the substitution of a single tax upon the value of land for all these taxes, for the taxation of land values would fall with greatest weight, not upon the agricultural districts, where land values are comparatively small, but upon the towns and cities where land values are high; whereas taxes upon personal property and improvements fall as heavily in the country as in the city. And in sparsely settled districts there would be hardly any taxes at all for the farmer to pay. For taxes, being levied upon the value of the bare land, would fall as heavily upon unimproved as upon improved land. Acre for acre, the improved and cultivated farm, with its buildings, fences, orchard, crops, and stock, could be taxed no more than unused land of equal quality. The result would be that speculative values would be kept down, and that cultivated and improved farms would have no taxes to pay until the country around them had been well settled. In fact, paradoxical as it may at first seem to them, the effect of putting all taxation upon the value of land would be to relieve the harder working farmers of all taxation.

In rural areas land values are relatively small, and an improved and cultivated farm would be taxed no more than unused land of equal quality. The reduction of land speculation would mean that some farmland may have no value at all, and therefore some farmers might pay no taxes at all.

But the great gain of the working farmer can be seen only when the effect upon the distribution of population is considered. The destruction of speculative land values would tend to diffuse population where it is too dense and to concentrate it where it is too sparse; to substitute for the tenement house, homes surrounded by gardens, and fully to settle agricultural districts before people were driven far from neighbors to look for land. The people of the cities would thus get more of the pure air and sunshine of the country, the people of the country more of the economies and social life of the city. If, as is doubtless the case, the application of machinery tends to large fields, agricultural population will assume the primitive form and cluster in villages. The life of the average farmer is now unnecessarily dreary. He is not only compelled to work early and late, but he is cut off by the sparseness of population from the conveniences, and amusements, the educational facilities, and the social and intellectual opportunities that come with the closer contact of man with man. He would be far better off in all these respects, and his labor would be far more productive, if he and those around him held no more land than they wanted to use.¹ While his children, as they grew up, would neither be so impelled to seek the excitement of a city nor would they be driven so far away to seek farms of their own. Their means of living would be in their own hands, and at home.

In short, the working farmer is both a laborer and a capitalist, as well as a landowner, and it is by his labor and

Working farmers also would have better social and cultural opportunities due to an improved distribution of population, with more neighbors, perhaps clustered in villages.

¹Besides the enormous increase in the productive power of labor which would result from the better distribution of population there would be also a similar economy in the productive power of land. The concentration of population in cities fed by the exhaustive cultivation of large, sparsely populated areas, results in a literal draining into the sea of the elements of fertility. How

capital that his living is made. His loss would be nominal; his gain would be real and great.

Like farmers, nearly all landholders are laborers, and nearly all of those who are not laborers are capitalists. To put all taxes on the value of land would reduce all great fortunes, but leave no rich man penniless.

In varying degrees is this true of all landholders. Many landholders are laborers of one sort or another. And it would be hard to find a landowner not a laborer, who is not also a capitalist—while the general rule is, that the larger the landowner the greater the capitalist. So true is this that in common thought the characters are confounded. Thus to put all taxes on the value of land, while it would be largely to reduce all great fortunes, would in no case leave the rich man penniless. The Duke of Westminster, who owns a considerable part of the site of London, is probably the richest landowner in the world. To take all his ground rents by taxation would largely reduce his enormous income, but would still leave him his buildings and all the income from them, and doubtless much personal property in various other shapes. He would still have all he could by any possibility enjoy, and a much better state of society in which to enjoy it.

So would the Astors of New York remain very rich. And so, I think, it will be seen throughout—this measure would make no one poorer but such as could be made a great deal poorer without being really hurt. It would cut down great fortunes, but it would impoverish no one.

Wealth would be enormously increased, and equally distributed. This means not that each individual gets the same amount of wealth, but that wealth would be distributed in accordance with each person's

Wealth would not only be enormously increased; it would be equally distributed. I do not mean that each individual would get the same amount of wealth. That would not be equal distribution, so long as different individuals have different powers and different desires. But I mean that wealth

enormous this waste is may be seen from the calculations that have been made as to the sewage of our cities, and its practical result is to be seen in the diminishing productiveness of agriculture in large sections. In a great part of the United States we are steadily exhausting our lands.

would be distributed in accordance with the degree in which the industry, skill, knowledge, or prudence of each contributed to the common stock. The great cause which concentrates wealth in the hands of those who do not produce, and takes it from the hands of those who do, would be gone. The inequalities that continued to exist would be those of nature, not the artificial inequalities produced by the denial of natural law. The nonproducer would no longer roll in luxury while the producer got but the barest necessities of animal existence.

contribution to
the common
stock.

The monopoly of the land gone, there need be no fear of large fortunes. For then the riches of any individual must consist of wealth, properly so-called—of wealth, which is the product of labor, and which constantly tends to dissipation, for national debts, I imagine, would not long survive the abolition of the system from which they spring. All fear of great fortunes might be dismissed, for when every one gets what he fairly earns, no one can get more than he fairly earns. How many men are there who fairly earn a million dollars?

The riches of any individual must then consist of wealth, the product of labor, which constantly tends to dissipation. When everyone gets what he fairly earns, no one can get more than he fairly earns.