

B1363

*Scientific
Taxation*

By JOHN C. LINCOLN



Henry George School of Social Science
50 East 69th Street
New York 21, N. Y.

11

3420

Taxation as practiced is getting money from the citizens with the least complaint. Science searches for facts and traces the relation between facts as they are discovered. Shipping depends on the fact that a floating body displaces its weight in water. This is a key fact that makes shipping possible. Airplane flight depends on the fact that an inclined plane moving through air is lifted if the plane is properly inclined. This is a key fact that makes airplane flight possible.

I hope to show that there is a similar key fact in taxation. I hope to show that there is a fund which is the natural source of revenue for the community, that it is necessary for the government as the fiscal agent of the community to collect this fund in full if the community is to be healthy and prosperous, and that most taxation now levied by government on its citizens is unscientific and should be abolished.

In 1873 I was a boy living in Illinois. I remember the flocks of prairie schooners that went West through the Village to settle in Iowa. The people were going to Iowa to settle on the free land that was available at that time. In a few years all the available land in Iowa had been taken up, and land began to have a selling value due to the increased population. Then more railroads were built through Iowa and land values increased. The invention of the combine which reaps and threshes grain at one time further increased land value. The introduction of the automobile and paved roads greatly added to land value so that now a son or grandson of the original settler is able to rent his land for from ten to twenty dollars an acre, and live on his rents in Southern California if he wishes to do so. Land in South Chicago 80 years ago could not be had free but could be bought for the price of farm land. The population of Chicago has increased and the farm land of 80 years ago would yield a rent of possibly \$2,000.00 per acre per year at the present time. The land where Rockefeller Center now stands in New York City could have been purchased eighty years ago for

a small sum. Today I am told the ground rent is one million dollars per acre per year, almost twenty-five dollars per square foot per year.

Everyone knows that the invention of the cotton gin added enormously to the value of land in the southern states where cotton is raised. The invention of the flotation system of recovering ore has made valuable mines of low grade copper deposits in the West, so that most of the copper produced in the United States today comes from low grade deposits that were part of the desert fifty years ago.

All of these illustrations lead to the conclusion that everyone who thinks at all will admit, and that is that land value is due to the presence and activity of the community. If we look a little further we shall see that activity of the community creates an actual or possible ground rent which when capitalized is land value. A piece of ground that rents for \$50.00 a year is worth \$1,000.00. This is a key fact in taxation.

I am now asking the reader to take a step in his thinking that must be taken from a scientific standpoint but which is not taken by our man made laws. This step is to recognize the fact that because land value is created by the presence and activity of the community it *belongs* to the community that creates it. Or to put it another way, the ground rent produced by the presence and activity of the community belongs to the government as fiscal agent of the community and is the natural source of revenue for the community. What the community creates by its presence and activity by the nature of things belongs to the community. Everyone who thinks will have to admit that this conclusion is unavoidable. This conclusion being contrary to man made law, some will call attention to the fact that if the government collected ground rent, the selling value of land would go to zero. This being contrary to the custom of many thousands of years, the conclusion arrived at above must be wrong.

This is a good place to call attention to the fact that when science touches human relations correct science becomes right from a moral standpoint—in-correct science becomes wrong from a moral standpoint.

Looking at it this way, justice demands that the government as fiscal agent of the community collect community created ground rent and declares that the land owner has no more moral right to the ground rent of the land that he calls his than any other member of the community. This is a conclusion that will not be accepted by most land owners without a great deal of education. Let me call attention to some fundamental facts of existence.

Most of us believe in an intelligent Creator—the Creator made man with lungs and a stomach. He provided air free for man's lungs, and he provided land free from which man by labor can produce the food, clothing and shelter he needs to live. Therefore, land by its nature is common property just as much as air is. The common right to the surface of the earth is recognized over the three-fourths of the earth that is covered by water.

If government collected community created ground rent, the selling value of land would go to zero and no one would have to pay anyone else for land. All that he would have to do would be assume the payment of the community created ground rent to the government. The collection of the community created ground rent by the government would be a recognition by our man made laws of the fundamental fact that land is common property.

Our man made laws consider land and wealth as property and treat each alike. It does not recognize the fact that land is not wealth, but is the raw material of all wealth. Wealth consists of things produced from land by labor assisted by capital. Wealth by its nature is short lived. Milk exists as wealth for only a few days. Very little of the food we eat lives to be a

year old. The automobiles we use will last with continual maintenance for a few years. Only a few houses live to be fifty years old.

But the land from which all these things come has been here for millions of years and so far as we can see will be here for millions of years more.

Experience has shown that private property in land is beneficial in the sense that the so called owner can have continuous, exclusive possession of the land. No one can ever own a piece of land in the same sense that he owns the crops that he raises on it. No one would claim that he could rightly own part of the solar system. Yet any land is part of the surface of the earth and therefore part of the solar system. Yet our man made deeds pretend to give to the buyer title to a piece of land as if the seller had made the land, and if the new owner finds oil under the land, the deed gives him the same legal right to the oil as he would have if he had made the oil.

We are so used to this that we do not see the absurdity of it until we think about it. A man has a natural right to the crop he raises. It is wealth he has created by his labor. Everyone must admit that he cannot have a similar natural right to the land and sunshine and rain which made the crop possible.

Science and justice both demand that if a person fences off a piece of land which by its nature belongs to everyone, that he acknowledge the common right by payment to the government of the community created ground rent. Our man made laws make a serious and maybe fatal mistake when they fail to recognize the fundamental fact that what nature provides freely for all should be treated differently from what man temporarily makes for himself.

Science and justice also demand that what a man creates for himself by raising a crop, for instance, belongs to him and no one else; not even the government has any right to any part of it.

It happens that winter wheat grows best when planted in the fall. If the planters of winter wheat should petition Congress to pass a law com-

elling everyone to plant all crops in the fall instead of the spring, most of us would agree that Congress should not pass such a law for if they did, Congress would fail to recognize the fact that most crops have to be planted in the spring if they are to mature.

Did not Congress make just as serious a mistake one hundred years ago when it recognized slavery as legal. When our man made laws made slavery legal, did they not fail to recognize the fundamental fact that every man belongs to himself and cannot from the nature of things belong to another man? Slavery existed because it enabled the slave owner to appropriate most of the wealth produced by the slave. When our man made laws made the master-slave relation legal, we all see now that it made a great wrong and injustice, legal.

Our present man made laws allow land values to arise by permitting the land owner to collect community created ground rent. Man made laws make possible the landlord-tenant relation. In the United States, the tenant pays the landlord from twenty-five to fifty percent of the crop for the use of the land. In some parts of Asia the landlord collects from fifty to seventy-five percent of the crop for the use of the land. It enables the landlord to appropriate a considerable part of the wealth produced by the tenant, just as slavery made it possible for the master to appropriate most of the wealth produced by the slave. It is likely that the average slave in our Southern states before the Civil War was better fed and clothed than the average Asian tenant farmer is today. We are so used to this practice that we do not recognize its injustice, just as the slave holders in the south did not recognize the injustice of slavery.

The amount of wealth appropriated by the landlord class from the tenant class amounts to probably hundreds of billions of dollars a year over all the world and is a chief cause of the unjust distribution of wealth.

Communism has arisen as a protest against the unjust distribution of wealth. Communism makes the

government all powerful. Communism does not recognize the fact that individuals have rights that the government should acknowledge and uphold.

Thomas Jefferson in the *Declaration of Independence* said governments should be organized to protect the fundamental rights of their citizens, among which were life, liberty, and the pursuit of happiness. He could have added to this list the fundamental right of the individual to earn a living without paying some other man a considerable part of what he produced for the privilege. So long as our man made laws permit land to have selling value, the appropriation by the landlord of part of what the tenant produces will continue.

The result of Communism's failure to recognize individual rights makes the cure worse than the disease.

At present all governments exercise the *power* to take a considerable part of the wealth its citizens produce and call it taxes, and are to that extent Communistic. Governments that exercise the power to do things they have no right to do are Communistic to that extent. Individuals as well as governments have the *power* to do things they have no right to do. This is another way of saying that governments are obligated to obey the moral law just as the individual is.

Our man made laws make it a crime for anyone to appropriate any part of a crop raised by a farmer on his land or dug out of the earth by a miner. If none of the one hundred sixty million people have any right to what the farmer or miner have produced, how can the government have any moral right to any part of it. The government has a natural moral right to collect ground rent produced by the presence and activity of the community, but how can the government make any just claim on the wealth produced by the individual. The fact that government from the beginning of time has exercised the *power* to collect taxes on the wealth produced by its citizens does not make it right any more than the fact that

the government recognized slavery as legal all the thousands of years of history up to one hundred years ago, makes slavery scientific or just.

Some of us are asking whether the government is not exercising its *power* rather than its right when it drafts young men into the Army and sends them half way around the world to kill other young men with whom they have no quarrel.

To sum up the argument in a few words: individuals or groups of individuals use land and its products to create wealth. The wealth thus created belongs to the individual that created it, and government has no scientific or moral right to any part of it as taxes.

The community by its presence and activity uses land to create ground rent and this belongs to government as fiscal agent for the community and is the scientific natural source of revenue for government. The land owner has no scientific or moral right to the ground rent produced by the community on his land, greater than any other members of the community.

If this reasoning is correct, scientific taxation requires the government as fiscal agent of the community to collect ground rent for government expenses and abolish all taxation of wealth.

If this reasoning is correct justice requires the government to collect ground rent for community expenses and abandon any claim to wealth produced by its citizens.

If this reasoning is correct, natural law requires the government to collect ground rent, thereby making a landlord-tenant relation impossible, and abolish all taxation of wealth.

We live in a world governed by natural law. Any individual who disobeys the laws of health by using narcotics, for instance, continually, is by the nature of things condemned to suffering and an untimely death. Any civilization which continues to disobey moral law which is a part of natural law is bound to suffer and eventually disappear as history testifies.