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TAX REFORM, SO-CALLED. {1}

Some days ago we received the following circular letter and declaration of principles:

TAX REFORM ASSOCIATION.

NEW YORK, June, 1891.

Sir.—Enclosed please find advance sheet of the New York Tax Reform Association platform, with the names of signers.

We bespeak for it your consideration and comment. We will be glad of any editorial comment or criticism you may think it advisable to make, as we contemplate publication of a collection of such articles from papers whose opinions carry weight with the comment.

We would like to have marked copy.

Yours truly,

BOLTON HALL.

Declaration of Principles.

We substantially concur in the following principles, for the reasons stated, or for other reasons:

1. The most direct taxation is theoretically the best, because it gives to real payers of taxes a conscious and direct pecuniary interest in honest and economical government.

2. Mortgages and capital engaged in production or trade should be exempt from taxation, because taxes on such capital tend to drive it away, to put a premium on dishonesty and to discourage industry.

3. Real estate should bear the main burden of taxation, because such taxes can be most easily, cheaply and certainly collected.

4. Our present system of levying and collecting State and Municipal taxes is extremely bad and spasmodic and unreflecting tinkering with it is unlikely to result in substantial improvement.

5. No legislature will venture to enact a good system of local taxation until the people, especially the farmers, perceive the correct principles of taxation and see the folly of taxing personal property.

Therefore: We desire to unite our efforts, in such ways as may seem advisable, to keep up intelligent discussion and agitation of the subject of taxation, with a view to improvement in the system and enlightenment as to the correct principles.

Among the signers of this document figure David A. Wells and Thomas J. Shearman, followed by such “disinterested” capitalists and “patriotic” citizens as Geo. H. Scott, late president of the Real Estate Exchange, Geo. R. Reed, now president of that “exchange”, F.B. Thurber, John H. Inman, Smith Ely, James McCreery, E.I. Denning, William Steinway, etc. This is the class of people among whom the single land tax theory has been progressing since the workingmen, enlightened by Socialists, discovered that it was a capitalistic fraud pure and simple. That the same discovery was but lately made by the most “intelligent” capitalists, who only now comprehend and take up the scheme, is a sufficient comment upon the knowledge and sagacity of that class, taken as a whole.

The single tax and, for that matter, every scheme of tax reform, so-called, are now viewed with so much deserved contempt by the wage working masses, that it were, perhaps, a waste of time to discuss the merits of the “principles” which Messrs. Wells & Co. are now engaged in pushing to the front. But since these eminent gentlemen have kindly asked for our opinion, we shall courteously give it without reservation; and in order to reduce the possible waste of logic to a minimum, we shall make this an opportunity for presenting some of the true principles of social economy in contrast to the so-called principles of taxation under the capitalistic system.

Under that system there is private property in Land, and therefore Rent.

There is also private property in Capital, and therefore Interest.

Economists of the capitalistic school distinguish between Rent and Interest because of the different monopolies from which they respectively accrue; Land-ownership constituting a monopoly of the forces of nature, whereas Capital-ownership constitutes a monopoly of the instruments through which those forces can be made productive of wealth by human Labor.

In fact, however, both Rent and Capital are taxes upon Labor for the support of monopolists. Neither is earned by the labor of those who receive it. Both are levied, not upon any particular product, but upon the general

product of Labor. Regardless of the particular monopoly from which they spring, they are identical Fleecings, just as water is water, regardless of the spring from which it comes.

Therefore, under the capitalist system, Land and Capital are interchangeable.

The quantity of each that is given for the other is determined by the amount of rent which the land-owner on one side, and of interest which the capital-owner on the other side, by virtue of ownership merely, can respectively exact from the workers.

As a rule, the amount of interest borne by the capital given in exchange for a piece of land is greater than the amount of rent which that piece of land yields at the time of the exchange. The reason of this is obvious. Owing to the increase of population, it is expected that the land, which is not perishable, will yield a constantly increasing amount of rent; whereas the capital given in exchange not only is more or less perishable, but, for many reasons which we need not enumerate, is likely to yield an amount of interest no greater and even less than at the time of the exchange. Therefore, the amount of interest borne by the amount of capital in question must be sufficiently over and above the amount of rent accruing from the land (not only at the time of the exchange but prospectively): 1—to replace the said capital; 2—to produce an additional amount of capital equal at least to the increased value of the land.

And so we see, by the way, that the “unearned increment of the land” (of which we have lately heard so much), has its exact counterpart in the “unearned increment of capital” (of which Socialists alone have heretofore spoken). The same piece of land, though it does not increase in quantity, and though it may not increase in product, yields an increasing rent; but, at the same time, a given amount of capital steadily increases in quantity, and, through this process of accumulation, yields to its owner an increasing revenue, even if the amount of interest yielded by the original capital be smaller.

It must furthermore be observed that, as a matter of fact, the income of capital-owners, as such, increases in a much higher ratio than the rent of land-owners, as such. Not only all that part of interest which is not consumed or wasted by capitalists, but that part of rent which is not

consumed or wasted by land-owners, is converted into forms of capital. The wealth of the country is said to be now increasing at the rate of three thousand million dollars a year. Of this amount it is safe to say that only one-tenth consists of increased "land values", so-called, while accumulations of capital constitute the other nine-tenths.

Deferring to our next issue the further consideration of this subject, we shall rest to-day upon the above preliminary generalizations, everyone of which can be illustrated by a long chain of facts, so widely known that we need not lengthen the argument by producing them, unless challenged by our opponents or requested by our friends to do so.

[Transcribed by Robert Bills for the official Web site of the Socialist Labor Party of America.
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