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No. 9.

JUNIOR WHY?

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## A SINGLE TAX VIEW OF TRUSTS

By Louis F. Post

## THE SINGLE TAX; WHAT IT IS AND WHY WE URGE IT

By Henry George

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## A SINGLE TAX VIEW OF TRUSTS.

By Louis F. Post.

We recognize that there might be such a thing as a good trust. There might be commercial combinations that would reduce prices by economizing. They would indeed displace men, as machinery and other labor-saving methods do; but under just and normal conditions, there would be abundant opportunities for all who are displaced. Immediate demands for them in kindred occupations would constantly exceed the supply. Such trusts would tend to improve social conditions, instead of making them worse. Those are the kind of trusts which our pro-trust friends have in mind when they defend the trust. But in fact there is no such trust in existence to-day, and under prevailing industrial conditions there can be no such trust.

The trust question as it faces us is not a question of business combination. It is a question of legal monopoly. If competitive conditions prevail, combinations of competitive businesses would do no harm.

They would have to do good or they could not keep the combination alive. But when businesses control legal monopolies and form combinations of these, then you have harmful trusts. And that is the kind of trust we have to-day—the kind of trust of which we complain. The trust question, I repeat, is at bottom not a question of business combinations, but a question of legal monopoly. It is not to be dealt with by restrictive laws, operating upon methods and effects. That would only make bad conditions worse. You have got to get beneath the methods and effects and get at the causes of these bad trusts. You have got to strike at the monopolies which give them their power. Abolish the legal monopolies that underlie trusts, and trusts will disappear.

Take any trust which on its face seems to be a combination of mere competitive interests. If it were so in fact, it would be a good or at least harmless trust. But scrutinize it and you will find that somehow, directly or indirectly, it depends for its power upon monopoly. It may have no monopoly by name. It may simply be taking advantage of general laws. It may depend, for example, upon the restrictions

upon free competition which are imposed by tariffs. To the extent that the tariff narrows the field of competition, to that extent it fosters trusts. One of the very objects of the tariff is to produce that condition of strangled competition, without which trusts could not live. If we wish to get rid of trusts, we must sweep away the tariff and make trade as free between the people of the world as it is between the people of our states.

While single tax men demand the abolition of the tariff—offering in its place for revenue purposes an infinitely wiser and juster system of taxation, they do not suppose that the abolition of the tariff would abolish all trusts. It would abolish a good many, and weaken the foundation of a good many more. But trusts would still be fostered by other and more direct systems of legal monopolies.

Take the railroad for instance. That is a highway, and in private hands is a highway monopoly. The monopoly is not in the cars, or track, or tunnels, or buildings, or anything of that sort. It is in the right of way—in the land that constitutes the “way” as distinguished from the structure. These highways connect places, and to con-

trol them is to control traffic. Railroad corporations can form oppressive trusts because they control highway monopolies.

They can and they do more than that. They make exclusive contracts with business concerns, which form trusts upon the basis of special railroad privileges. One of the most familiar examples of this subletting of railroad highways is furnished by express companies. Express companies thereby acquire monopolies of right of way, and can form oppressive trusts by combining these monopolies into one. Express companies are only one class of concerns deriving monopoly privileges in that way. There are others. The Standard Oil trust built up its power in precisely that way. The cracker trust is said to have privileges of this kind. And doubtless, if you inquire closely, you will learn that a trust with an innocent face derives its power from railroad privileges. Highway monopolies, then, must be abolished, if we would free ourselves from vicious trusts.

But even if that were done, trusts would still have a firm foundation to build upon. No trust can perpetuate itself *unless it gets its feet upon the ground*. All the advantages of tariffs and railway privileges

and other monopolies will not avail trusts that come in conflict with hostile trusts which monopolize sources of supply and distributive points. Monopoly of land, then, is the ultimate basis of the trust. It is an absolute condition to success that the trust have its feet upon the earth.

This has been discovered by the great trusts. The steel trust and copper trust go back to the land and make ore mines part of their property, while the coal transporting trust of the anthracite region is careful to secure not only highways but coal mines. Railroad monopoly itself is being subjected to the more powerful monopoly of land at terminal points.

Let us follow the idea a little further. The control of trusts by trusts is clearly among the possibilities of trust development. As partnerships have merged into corporations and corporations into trusts, so will trusts merge into trusts of trusts, and finally into one all powerful trust. That is the tendency. It is already manifest, and will be a thing accomplished unless we kill the trust system.

Suppose, for example, that the steel trust should reach out until it controls all the ore mines. It would then have its feet up-

on the ground, and no competitor in the steel business could cope with it. But it must use coal, and here let us suppose, is one coal trust which has reached out until it controls all the coal mines. It, too, has its feet upon the ground. Suppose now that the interests of these trusts collide, and what would be the outcome but the consolidation of the two into one? That illustrates the trend of the trusts. And if not stopped, that trend will persist until the organization of trusts and their absorption into trusts of trusts eventuate in the ownership of all business by some gigantic combination.

To that triumph of the trusts most socialists look forward with satisfaction. They see in it the opportunity of the people to take possession not only of the earth but of the artificial instruments of production also, by dethroning the single trust under whose control all business will have come. But there is no real cause for satisfaction in that. As the evolution of the trusts proceed, trust employes become in greater and greater degree mere voting machines. It is not their convictions as citizens that they register at the polls. They vote as they are ordered to. This condition would be enor-

mously worse if the development of the trusts proceed even approximately to the point of a universal trust. And when the time came to dethrone the trusts, the voice of the people would be stifled. The trusts themselves would decide the issue. They would do it through the army of dependent voters whose livelihood they would control. It might be that they would decide in favor of the substitution of such a government trust as the socialists look forward to. But if they did, they themselves would fix the terms. All land and all machinery might by their consent and with the votes of their dependents be turned over to the government, but it would be for a price that the trust magnates would dictate and to a government which they would control.

It is not by waiting until trusts own everything and then taking it from them that the trust question must be met. We must kill the trust by securing in time the point of vantage toward which it is advancing. We must keep its feet off the ground.

Since trusts, in order to survive, must get their feet upon the ground, must control the earth at the points of supply and the points of distribution, the abolition of all monopolies except land monopoly would

fail to abolish them. By acquiring control of the land they would control everything else. So it is that single tax men, though they would abolish the tariff, though they would abolish highway monopolies, though they would repeal every law that creates or supports monopoly, they would not stop there. They would strike at the mother monopoly of all: They would abolish the monopoly of land.

To do that they propose nothing revolutionary. Revolution is not necessary. All that is necessary is to tax into the public treasury the peculiar value that attaches to especially advantageous locations. If that were done, no man or combination of men, whether incorporated or not, could monopolize the sources of supply or the points of distribution without paying annually to the public the value of the privilege. That would deprive them of all advantage over others. It would lift their feet off the ground.

You remember the classic fable of Hercules and Antæus. Hercules with all his strength could not conquer Antæus so long as Antæus could touch the earth. But when Hercules discovered wherein the power of his adversary lay, he lifted Antæus

from the earth and then destroyed him with ease. The trusts are the modern Antæus. Let the people lift them from the earth and the battle against them will be won.

THE SINGLE TAX;  
WHAT IT IS AND WHY WE URGE IT.

By Henry George.

I shall briefly state the fundamental principles of what we who advocate it call the single tax:

We propose to abolish all taxes save one single tax levied on the value of land, irrespective of the value of the improvements in or on it.

What we propose is not a tax on real estate, for real estate includes improvements. Nor is it a tax on land, for we would not tax all land, but only land having a value irrespective of its improvements, and would tax that in proportion to that value.

Our plan involves the imposition of no new tax since we already tax land values in taxing real estate. To carry it out we have only to abolish all taxes save the tax on real estate, and to abolish all of that which now falls on buildings or improvements, leaving only that part of it which now falls on the value of the bare land, increasing

that so as to take as nearly as may be the whole of economic rent, or what is sometimes styled the "unearned increment of land values."

That the value of the land alone would suffice to provide all needed public revenues—municipal, county, state, and national—there is no doubt.

To show briefly why we urge this change, let me treat (1) of its expediency, and (2) of its justice.

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From the single tax we may expect these advantages:

1. It would dispense with a whole army of tax gatherers and other officials which present taxes require, and place in the treasury a much larger proportion of what it taken from the people, while by making government simpler and cheaper, it would tend to make it purer. It would get rid of taxes which necessarily promote fraud, perjury, bribery, and corruption, which lead men into temptation, and which tax what the nation can least afford to spare—honesty and conscience. Since land lies out-of-doors and cannot be removed, and its value is the most readily ascertained of all values, the tax to which we would resort can be

collected with the minimum of cost and the least strain on public morals.

2. It would enormously increase the production of wealth—

(a) By the removal of the burdens that now weigh upon industry and thrift. If we tax houses there will be fewer and poorer houses; if we tax machinery, there will be less machinery; if we tax trade, there will be less trade; if we tax capital, there will be less capital; if we tax savings, there will be less savings. All the taxes therefore that we should abolish are those that repress industry and lessen wealth. But if we tax land values there will be no less land.

(b) On the contrary, the taxation of land values has the effect of making land more easily available by industry, since it makes it more difficult for owners of valuable land which they themselves do not care to use to hold it idle for a larger future price. While the abolition of taxes on labor and the products of labor would free the active element of production, the taking of land values by taxation would free the passive element by destroying speculative land values, and preventing the holding out of use of land needed for use. If any one will but look around to-day and see the

unused or but half-used land, the idle labor, the unemployed or poorly employed capital, he will get some idea of how enormous would be the production of wealth were all the forces of production free to engage.

(c) The taxation of the processes and products of labor on one hand, and the insufficient taxation of land values on the other, produce an unjust distribution of wealth which is building up in the hands of a few, fortunes more monstrous than the world has ever before seen, while the masses of our people are steadily becoming relatively poorer. These taxes necessarily fall on the poor more heavily than on the rich; by increasing prices, they necessitate a larger capital in all businesses, and consequently give an advantage to large capitals; and they give, and in some cases are designed to give, special advantages and monopolies to combinations and trusts. On the other hand, the insufficient taxation of land values enables men to make large fortunes by land speculation and the increase in ground values—fortunes which do not represent any addition by them to the general wealth of the community, but merely the appropriation by some of what the labor of others creates.



This unjust distribution of wealth develops on the one hand a class idle and wasteful because they are too rich, and on the other hand a class idle and wasteful because they are too poor—it deprives men of capital and opportunities which would make them more efficient producers. It thus greatly diminishes production.

(d) The unjust distribution which is giving us the hundred-fold millionaire on the one side and the tramp and pauper on the other, generates thieves, gamblers, social parasites of all kinds, and requires large expenditure of money and energy in watchmen, policemen, courts, prisons, and other means of defense and repression. It kindles a greed of gain and a worship of wealth, and produces a bitter struggle for existence which fosters drunkenness, increases insanity, and causes men whose energies ought to be devoted to honest production to spend their time and strength in cheating and grabbing from each other. Besides the moral loss, all this involves an enormous economic loss which the single tax would save.

(e) The taxes we would abolish fall most heavily on the poorer agricultural districts, and would tend to drive population

and wealth from them to the great cities. The tax we would increase would destroy that monopoly of land which is the great cause of that distribution of population which is crowding the people too closely together in some places, and scattering them too far apart in other places. Families live on top of one another in cities because of the enormous speculative prices at which vacant lots are held. In the country they are scattered too far apart for social intercourse and convenience, because, instead of each taking what land he can use, every one who can, grabs all he can get, in the hope of profiting by its increase of value, and the next man must pass farther on. Thus we have scores of families living under a single roof, and other families living in dugouts on the prairies afar from neighbors—some living too close to each other for moral, mental, or physical health, and others too far separated for the stimulating and refining influences of society. The wastes in health, in mental vigor, and in unnecessary transportation result in great economic losses which the single tax would save.

Let us turn to the moral side and consider the question of justice.

The right of property does not rest on human laws; they have often ignored and violated it. It rests on natural laws—that is to say, the law of God. It is clear and absolute, and every violation of it, whether committed by a man or a nation, is a violation of the command “Thou shalt not steal.” The man who catches a fish, grows an apple, raises a calf, builds a house, makes a coat, paints a picture, constructs a machine, has, as to any such thing, an exclusive right of ownership, which carries with it the right to give, to sell or bequeath that thing.

But who made the earth that any man can claim such ownership of it, or any part of it, or the right to give, sell or bequeath it? Since the earth was not made by us, but is only a temporary dwelling place on which one generation of men follow another; since we find ourselves here, are manifestly here with equal permission of the Creator, it is manifest that no one can have any exclusive right of ownership in land, and that the rights of all men to land must be equal and inalienable. There must be an exclusive right of possession of land, for the man who uses it must have secure possession of land in order to reap the products

of his labor. But his right of possession must be limited by the equal right of all, and should therefore be conditioned on the payment to the community by the possessor of an equivalent for any special valuable privilege thus accorded him.

When we tax houses, crops, money, furniture, capital or wealth or any of its forms, we take from individuals what rightfully belongs to them. We violate the right of property, and in the name of the state commit robbery. But when we tax ground values we take from individuals what does not belong to them, but belongs to the community, and which cannot be left to individuals without the robbery of other individuals.

Think what the value of land is. It has no reference to the cost of production, as has the value of houses, horses, ships, clothes, or other things produced by labor, for land is not produced by man, it has been created by God. The value of land does not come from the exertion of labor on land, for the value thus produced is a value of improvement. That value attaches to any piece of land means that that piece of land is more desirable than the land which other citizens may obtain, and that they

are more willing to pay a premium for permission to use it. Justice therefore requires that this premium of value shall be taken for the benefit of all in order to secure to all their equal rights.

Consider the difference between the value of a building and the value of land. The value of a building, like the value of goods, or of anything properly styled wealth, is produced by individual exertion, and therefore properly belongs to the individual; but the value of land only arises with the growth and improvement of the community, and therefore properly belongs to the community. It is not because of what its owners have done, but because of the presence of the whole great population, that land in New York is worth millions an acre. This value therefore is the proper fund for defraying the common expenses of the whole population; and it must be taken for public use, under penalty of generating land speculation and monopoly which will bring about artificial scarcity where the Creator has provided in abundance for all whom His providence has called into existence. It is thus a violation of justice to tax labor, or the things produced by labor,

and it is also a violation of justice not to tax land values.

These are the fundamental reasons for which we urge the single tax, believing it to be the greatest and most fundamental of all reforms. We do not think it will change human nature. That, man can never do; but it will bring about conditions in which human nature can develop what is best, instead of, as now in so many cases what is worst. It will permit such an enormous production as we can now hardly conceive. It will secure an equitable distribution. It will solve the labor problem and dispel the darkening clouds which are now gathering over the horizon of our civilization. It will make undeserved poverty an unknown thing. It will check the soul-destroying greed of gain. It will enable men to be at least as honest, as true, as considerate, and as high-minded as they would like to be. It will remove temptation to lying, false swearing, bribery, and law-breaking. It will open to all, even the poorest, the comforts and refinements and opportunities of an advancing civilization. It will thus, so we reverently believe, clear the way for the coming of that kingdom of right and justice, and consequently of abundance and

peace and happiness, for which the Master told His disciples to pray and work. It is not that it is a promising invention or cunning device that we look for the single tax to do all this; but it is because it involves a conforming of the most important and fundamental adjustments of society to the supreme law of justice, because it involves the basing of the most important of our laws on the principle that we should do to others as we would be done by.

The readers of this article, I may fairly presume, believe, as I believe, that there is a world for us beyond this. The limit of the space has prevented me from putting before them more than some hints for thought. Let me in conclusion present two more:

1. What would be the result in Heaven itself if those who got there first instituted private property in the surface of Heaven, and parceled it out in absolute ownership among themselves, as we parcel out the surface of the earth?

2. Since we cannot conceive of a Heaven in which the equal rights of God's children to their Father's bounty is denied, as we now deny them on this earth, what is the duty enjoined on Christians by the daily

prayer; "Thy kingdom come, Thy will be done, *on earth*, as it is in Heaven?"—  
*Henry George in the Christian Advocate.*

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