

clusive use of which should had made in his labor and on an equality of the natural ele- ment, and that the growth of the city, and could

property of the rent for public ty than that of and preceding no shock, that instead of re- machinery, will

large sums are as thus needed amount, but and steadily to unctions which viduals. Now, to government, ment. Some of movable prop- or persons (as eality taxes on the transpor- h last category

te, in the United y, on the value ken together. is assessed. r- ements is, in its or the common one that prop- n of the equal

re for the use of from land, just ormally appro- y necessary to es now levied, ill it reaches, as e land.

tion is reached, pper, and the community for e in form t is reached, ecrease of a tax (as direct taxes e of land irre- e can be ascer- than any other

e change in the nt must refer to ed this branch here possible.

upon the exer- abolished. No or improving a things in from ay to the stock and constitute e to make and ge, without let- tion the use of All those taxes hand to hand, id disappear) uld be as secure ow, subject to nity for the and the ground d the land they now. But the id be less than or improve- (munities) to get the benefit the tenant has to pay in hat he paid on se the wealth the tenant

ly increasing

fund would be provided for common uses, without any tax on the earnings of labor or on the returns of capital—a fund which in well settled countries would not only suffice for all of what are now considered necessary expenses of government, but would leave a large surplus to be devoted to purposes of general benefit.

In the third place, and most important of all, the monopoly of land would be abolished, and land would be thrown open and kept open to the use of labor, since it would be unprofitable for any one to hold land without putting it to its full use, and both the temptation and the power to speculate in natural opportunities would be gone. The speculative value of land would be destroyed as soon as it was known that, no matter whether land was used or not, the tax would increase as fast as the value increased; and no one would want to hold land that he did not use. With the disappearance of the capitalized or selling value of land, the premium which must now be paid as purchase money by those who wish to use land would disappear, differences in the value of land being measured by what would have to be paid for it to the community, nominally in taxes but really in rent. So long as any unused land remained, those who wished to use it could obtain it, not only without the payment of any purchase price, but without the payment of any tax or rent. Nothing would be required for the use of land till less advantageous land came into use, and possession thus gave an advantage over and above the return to the labor and capital expended upon it, and no matter how much the growth of population and the progress of society increased the value of land, this increase would go to the whole community, availing that general fund in which the poorest would be an equal sharer with the richest.

Thus the great cause of the present unequal distribution of wealth would be destroyed, and that one-sided competition would cease which now deprives men who possess nothing but power to labor of the benefits of advancing civilization, and forces wages to a minimum, no matter what the increase of wealth. Labor, free to the natural elements of production, would no longer be incapable of employing itself, and competition, acting as fully and freely between employer and employee, would carry wages up to what is really their natural rate—the full value of the product of labor—and keep them there.

Let us turn again to the tariff question.

The mere abolition of protection—the mere substitution of a revenue tariff for a protective tariff—is such a lame and timorous application of the free-trade principle that it is a misnomer to speak of it as free trade. A revenue tariff is only a somewhat milder restriction on trade than a protective tariff.

Free trade, in its true meaning, requires not merely the abolition of protection, but the sweeping away of all tariffs—the abolition of all restrictions (save those imposed in the interests of public health or morals) on the bringing of things into a country or the carrying of things out of a country.

But free trade cannot logically stop with the abolition of custom-houses. It applies as well to domestic as to foreign trade, and in its true sense requires the abolition of all internal taxes that fall on buying, selling, transporting or exchanging, on the making of any transaction or the carrying on of any business, save of course where the motive of the tax is public safety, health or morals.

Thus the adoption of true free trade involves the abolition of all indirect taxation of whatever kind, and the resort to direct taxation for all public revenues.

But this is not all. Trade, as we have seen, is a mode of production, and the freeing of trade is beneficial because it is a freeing of production. For the same reason, therefore, that we ought not to tax any one for adding to the wealth of a country by bringing valuable things into it, we ought not to tax any one for adding to the wealth of a country by producing within that country valuable things. Thus the principle of free trade requires that we should not merely abolish all indirect taxes, but that we should abolish as well all direct taxes on things that are the produce of labor; that we should, in short, give full play to the natural stimulus to production—the possession and enjoyment of the things produced—by imposing no tax whatever upon the production, accumulation or possession of wealth (*i. e.*, things produced by labor), leaving every one free to make, exchange, give, spend or bequeath.

There are thus left, as the only taxes by which, in accordance with the free-trade principle, revenue can be raised, these two classes:

1. Taxes on ostentation.

Since the motive of ostentation in the use of wealth is simply to show the ability to expend wealth, and since this can be shown as well in the ability to pay a tax, taxes on ostentation pure and simple, while not checking

the production of wealth, do not even restrain the enjoyment of wealth. But such taxes, while they have a place in the theory of taxation, are of no practical importance. Some trivial amount is raised in England from taxes on footmen wearing powdered wigs, taxes on armerial bearings, etc., but such taxes are not resorted to in this country and are incapable anywhere of yielding any considerable revenue.

2. Taxes on the value of land.

Taxes on the value of land must not be confounded with taxes on land, from which they differ essentially. Taxes on land—that is to say, taxes levied on land by quantity or area—apply equally to all land, and hence fall ultimately on production, since they constitute a check to the use of land, a tax that must be paid as the condition of engaging in production. Taxes on land values, however, do not fall upon all land, but only upon valuable land, and on that in proportion to its value. Hence they do not in any degree check the ability of labor to avail itself of land, and are merely an appropriation, by the taxing power, of a portion of the premium which the owner of valuable land can charge labor for its use. In other words, a tax on land, according to quantity, could ultimately be transferred by owners of land to users of land and become a tax upon production. But a tax on land values must, as is recognized by all economists, fall on the owner of land, and cannot be by him in any way transferred to the user. The land-owner can no more compel those to whom he may sell or let his land to pay a tax levied on its value than he could compel them to pay a mortgage.

A tax on land values is of all taxes that which best fulfills every requirement of a perfect tax. As land cannot be hidden or carried off, a tax on land values can be assessed with more certainty and can be collected with greater ease and less expense than any other tax, while it does not in the slightest degree check production or lessen its incentive. It is, in fact, a tax only in form, being in nature a rent—a taking for the use of the community of a value that arises not from individual exertion but from the growth of the community. For it is not anything that the individual owner or user does that gives value to land. The value that he creates is a value that attaches to improvements. This, being the result of individual exertion properly belongs to the individual and cannot be taxed without lessening the incentive to production. But the value that attaches to land itself is a value arising from the growth of the community and increasing with social growth. It, therefore, properly belongs to the community, and can be taken to the last penny without in the slightest degree lessening the incentive to production.

Taxes on land values are thus the only taxes from which, in accordance with the principle of free trade, any considerable amount of revenue can be raised, and it is evident that to carry out the free-trade principle to the point of abolishing all taxes that hamper or lessen production would of itself involve very nearly the same measures which we have seen are required to assert the common right to land and place all citizens upon an equal footing.

To make these measures identically the same, it is only necessary that the taxation of land values, to which true free trade compels us to resort for public revenues, should be carried far enough to take, as near as might practically be, the whole of the income arising from the value given to land by the growth of the community.

But we have only to go one step further to see that free trade does, indeed, require this, and that the two reforms are thus absolutely identical.

Free trade means free production. Now fully to free production it is necessary not only to remove all taxes on production, but also to remove all other restrictions on production. True free trade, in short, requires that the active factor of production, Labor, shall have free access to the passive factor of production, Land. To secure this all monopoly of land must be broken up, and the equal right of all to the use of the natural elements must be secured by the treatment of the land as the common property in usufruct of the whole people.

Thus it is that free trade brings us to the same simple measure as that which we have seen is necessary to emancipate labor from its thralldom and to secure that justice in the distribution of wealth which will make every improvement or reform beneficial to all classes.

The partial reform miscalled free trade, which consists in the mere abolition of protection—the mere substitution of a revenue tariff for a protective tariff—cannot help the laboring classes, because it does not touch the fundamental cause of that unjust and unequal distribution which, as we see to-day, makes "labor a drug and population a nuisance" in the midst of such a plethora of wealth that we talk of over-production. True free trade, on the