

TAXATION AND EXEMPTION.

There are many farms in this country so barren that the farmer, notwithstanding the onerous toil of himself and his family, finds life a continued struggle of labor and hardship.

Many other farmers are wrestling with mortgages so large that they find it impossible to make any reduction in their indebtedness and some, to their sorrow, cannot so much as pay their interest. The yearly mortgage sales of the loan companies alone, without counting sales by private lenders, in Ontario, range from 700 to 1,000 yearly.

There are many laborers, mechanics, clerks, small shopkeepers and others, whose life is one continued round of work. And there are also women in our cities making pants at fifteen to eighteen cents per pair.

"Stitch, stitch, stitch,
In poverty, hunger and dirt."

What burden taxation imposes on these parties cannot, by our present complex method, be even approximately estimated; but we can safely make this statement:—*Each of these parties must devote many days every year simply to the support of government.*

In our large cities a man may draw ground rents to the amount of thousands of dollars yearly. How many days toil must he surrender, how much is he compelled to provide for the support of government? *Not one hour of service, not a bushel of product!*

From those who have not an hour to spare for taxation, we exact each year many days of toil; from those who have the whole year to spare, we exact not an hour! Where the burden is already too great, we add to its weight; where no burden is there we grant exemption. Of all the wrongs in our system of taxation, is not this the crowning injustice, does not this bear the palm? Could anything be more disgraceful to our statesmanship, more unworthy of our civilization, more reproachful to our Christianity, than the way we crush the weak and favor the strong? A man may, *in appearance*, pay, a large, an enormously large tax, while in reality he pays nothing—he may be wholly exempt; and he may *apparently* pay nothing, while in reality he pays enormously.

In a state of slavery the slaves bear the whole burden of providing for government, the master provides nothing—the slaves are the real taxpayers. The appearance is quite the contrary, the paying is done in the name of the master. He handles the funds, takes the receipts, and is said to pay; but the reality is that the slaves provide everything, and are, therefore, the real taxpayers.

The method of assessment makes no difference in the arrangement. We may assess the buildings, the income, and the land; we may impose a graduated income tax; we may tax every import the master uses, or we may allow them to come in wholly free. We may tax directly or indirectly; we may have internal

revenue or stamp duties, but so far as paying the tax is concerned, it is all the same; the slaveholder is wholly exempt so long as he provides nothing, and so long as he can compel the slaves to provide everything.

The man who provides nothing cannot pay taxes; the whole burden must, in the nature of things, fall on the providers.

In Economics we cannot too carefully distinguish the real from the apparent, what is seen, from what is not seen. Our common creed in taxation is, tax a value wherever we find it, and it is commonly supposed that unless we do so, we are not taxing everyone—a puerile superstition. The slaveholder may laugh at our imbecile superstitions, for so long as he provides nothing, we may impose all manner of license fees, import duties, stamp duties, house tax, window tax, hearth tax, herald tax, income tax, cumulative income tax, and any other tax, he is still wholly exempt.

We need this illustration to learn what is an exemption. The truly exempt is the man who provides nothing, who contributes nothing. We may thus see how sadly erroneous are our common notions of taxation, when we imagine that the exemption of a building necessarily involves the exemption of the owners or occupants of that building, that the imposition of an income tax necessarily taxes the man, and that everyone ought to contribute according to his income. We may exempt from taxation all the huts of the slaves, their churches, clothes, implements, food, and everything they use; we may assess the house of the master, his equipages, his salary, and his capital; we may plaster him all over with taxes, and yet, so long as he provides nothing and the slaves provide everything, the master is still exempt, the slaves bear all the burden of taxes.

Men are not things; taxing things does not necessarily tax the men who own the things; exempting things does not necessarily exempt the men who own or use the things. Of all the blunders in assessment, the hughest is that which assumes that all values are of the same kind. There are values and values. The presence of houses, furniture or clothing that have value is an indication that someone has provided these things. Things of this kind do not come spontaneously, they have cost the "sweat of someone's brow." These values come only by toil.

But there is another value, utterly different from this, namely, the value of a town lot. An acre, well situated in Toronto, is worth about a million dollars; similarly situated in New York it is worth over ten million dollars; situated in the back townships, it may not be worth a dollar or a dime. To keep up the values represented by houses, clothes, machinery and other labor-produced commodities, requires constant toil and attention. A lot may advance in value from a dollar to a million dollars, and that value

may continue for ages without one hour of toil from its owner.

So long as we allow individuals to appropriate these peculiar land values, we allow them an opportunity to become rich and to continue rich without providing anything. As the slaveholders could appropriate the products of the slave, and as he could compel the slave to provide everything, so the appropriation of land values by individuals enables one person to appropriate the products of another, and to compel this other to provide everything for the maintenance of society. On these providers, therefore, falls the whole burden of government. The appropriator of land value as such, is under no compulsion to furnish anything for the sustenance of government; he is wholly exempt.

Mr. W. T. Croasdale, in a pamphlet entitled *Sailors' Snug Harbor and the Randall Farm*, estimates the land value of New York City at \$100,000,000 per annum. At five per cent. this represents a capital value of \$2,000,000,000. The population in 1880 was 1,200,000. This would show a value of about \$1,700 for each person. In 1880 the population of Boston was 370,000, the land value of that city was estimated at \$333,000,000, or a little less than \$1,000 per each person. The Tax Reform Club of Buffalo, have been at considerable pains to find the land value of that city. With a population of about 250,000, the assessors estimated the value at \$260,000,000, while the estimate of Mooney & Brother, real estate dealers, amounted to \$344,000,000. Taking the lower figure we have a value of upwards of \$1,000 per each person, or about \$5,000 for each family. At six per cent. this would yield a yearly revenue of \$300 per family. The higher estimate would give \$1,300 per head, \$6,500 per family, and \$390, say \$400 yearly. London, England, has a population of four and a half millions, and an estimated yearly land value of \$110,000,000 (see London's Unearned Increment, by Sidney Webb, LL.B., issued by the English Land Restoration League). This gives an annual value per head of about \$250, or only about one-quarter the rate of the city of Buffalo. But it is alleged that much of London land is assessed, not at its capital value, but at its actual rental, which in the case of vacant land, is merely nominal.

These figures are sufficiently startling, showing that wherever people congregate in cities, their presence gives rise to value equal to about \$1,000 for each person, or \$5,000 for each family. At five per cent. this shows a yearly value for each family of about \$250. By the perversion of this fund into private pockets we now subject whole families of one part of the community to this enormous tribute which they must yield up yearly to some of their fellows, and for which the latter are under no compulsion to render an hour's service in return.

The extreme figure to which land values have risen on this continent may be judged from the following table. Assuming the lots to be 100 feet deep, values per foot front and per acre stand thus.

	Best corner lots for business	
	per ft. front.	per acre.
Toronto.....	\$ 2,000	\$870,000
Chicago.....	6,000	2,610,000
Cincinnati.....	3,000	1,300,000

	Best corner lots for business	
	per ft. front.	per acre.
Winnipeg.....	700	300,000
Duluth.....	1,000	435,000
St. Paul.....	1,400	570,000
Buffalo.....	3,000	1,300,000
Cleveland.....	3,200	1,400,000
Detroit.....	3,000	1,300,000

The above is from a newspaper clipping. I have since heard that \$3,000 have been asked for a lot in Toronto on the corner of Yonge and Queen Streets. Lots in New York have been reported as high as ten million dollars per acre. One man succeeded in squeezing out of the Dutch Reformed Church, for a triangular strip of land, 5 ft. frontage running to a point in the rear, on the corner of Broadway and Fulton Streets, the sum of \$125,000, equivalent to \$25,000 per ft., frontage, reckoning at 5 ft., or \$50,000 per ft., reckoning at an average of 2½ ft., a rate of upwards of \$21,000,000 per acre.

The income of the Randall Farm, consisting of 21 acres in the centre of New York City, affords an interesting illustration of the manner in which land values increase as population increases. In 1806 when the population was about 76,000, the yearly income was \$4,243, in 1886 with population estimated at 1,500,000 the income had risen to \$303,000. As population increased about 20 times, the land rental increased about 70 times. Figures from other sources indicate the same effect that land values increase more rapidly than population. That is, the surrender of product to be made by the tenants to the landowners, increases faster than the people to make the surrender. The obligations of the people, the fund of their impoverishment, grow faster than the population. This fact is so momentous that it cannot be too strongly emphasized. Faster than the growth of population is the increase of the power of the land owner to despoil the toiler of the reward of his labor. Faster than population increases, does indebtedness of the toilers increase. Here is the most threatening fact respecting our civilization. To let this go on is to perpetuate the force that reduces the toiler to a serf, and crushes his soul beneath a growing injustice. To talk of education, profit sharing, co-operation correcting this injustice, is babbling childishness. As well whistle to the winds. This everlasting wrong must be corrected or civilization given up as a failure, and Christianity as a farce.

Wherever society comes there comes this peculiar value. Let that value go to individuals and we inevitably divide society as a shepherd divides the sheep from the goats. One part we doom to everlasting toil and despoilment, the other to wealth often "beyond the dreams of avarice."

Let us, however, drop all other taxes until we have but a single tax left appropriating land values and notice the results on society.

1. *Every one must pay taxes*, for every one must live and transact business on the land, therefore, this is the tax no one can escape. Under our present plan we impose the support of society, including the support of government, wholly upon one part of the community, and exempt the rest.

2. *The simplest possible form of taxation.* We now attempt the impossible—to ascertain incomes that are hidden; to find bonds that are concealed; to estimate the values of stocks of goods not knowing whether they are gold or pinchbeck; to watch every man woman or child that crosses an imaginary line equal to half the circumference of the globe. Our present method is a direct encouragement to lying, false swearing, and fraud. Land lies out of doors and with no other value can the public by any possibility be so well acquainted.

3. *We secure to every man his equal right to common inheritance of the earth.* In abilities, capacities and qualities there is inequality. Some are short, others long, some bright and witty, others dull and stupid. In rights there should be equality. Nothing could be more atrocious then to proclaim one kind of justice for the stout and another for the lean. The land, forest, water power, and mine were furnished and given by the Creator. No man produced them. This is one kind of wealth—natural wealth. The laborer takes the raw material and produces houses, furniture, etc.—this is another form of wealth—labor produced wealth. Now the claim of the laborer to that which he produces should be unquestioned, as his to use or exchange or give as he pleases. But to the natural wealth, the common gift to humanity, one man's claim cannot by any consideration of justice ever be better than another's—the claims of all are equal. By appropriating the value that comes from growth of population we secure that equal right.

4. *We secure to the toiler the product of his industry.* At present the toiler must provide—1st for his family, which is all right; 2nd, for the collector of land values, which is all wrong, a continuous tribute; 3rd for the maintenance of government, which is largely wrong, for the collector of land values should also contribute to this fund. Concentrate taxation on land values and the toiler is at once relieved from one of these exactions—the contribution to land holders—and what he pays as tax is still his, in a common right to the public institutions of the country.

5. *We abolish the most prolific sort of poverty.* The laborer is now subjected to tribute so

exacting that even with the severest toil he can secure for himself but an animal subsistence—food, clothing and shelter. Even in the best of times the laborers life is often one of sad hardship. Let population increase, the exaction increases. Some here and there climb into fortune, but for the mass of humanity there is no escape. Let any calamity happen, sickness, accident, depression of trade, and at once thousands are pushed from noble self-help to dependence, charity and pauperism.

6. *We increase the production of wealth.* The flood of population on this continent is one of the most remarkable facts in history. Seventy millions now, seventy millions more, one hundred and forty millions, twenty-five years hence. If it is anywhere near the truth that each addition to the population of our city causes a thousand dollars increase of land value, then will this increase of population cause a vast, an enormous increase somewhere in this fund for grasping, non-producing speculation—a direct bounty to idleness, economic idleness; for whatever scheming may be done to get a share of this fund, such scheming is of no service to society. Let this common fund be diverted into the public treasury, and at once a large part of humanity are changed from a non-productive burden on the toiler to productive aiders, increasing vastly the wealth-producing power of humanity.

And with this impediment to the progress of humanity removed, where shall we end predicting the enormous benefits that will follow. With leisure and means to develop his intellectual faculties, to strengthen his genius for invention, to attain to greater power and accuracy in reasoning, may we not look for advances far surpassing in splendour those of the past. To see justice enthroned, righteousness established the fatherhood of God and the brotherhood of man recognized, are we not fully warranted in looking for enormous improvements in the moral development of the race?

For lo! the days are hastening on,
By prophet-bards foretold,
When with the ever-circling years
Comes round the age of gold;
When peace shall over all the earth
Its ancient splendors fling,
And the whole world give back the song,
Which now the angels sing.

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