Some Proposed Experiments Relating to Taxation

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In this paper it is proposed to outline a series of experiments which the writer proposes to make in connection with the land-tax set forth by Prof. J. H. Caird's "Taxation - A Plain Talk to Plain People." To find out in sound measure at least what possible results of such experiments will suggest or prove or both suggest or prove. The reasons for making these experiments may be found in the existing facts and in practice of all systems of taxation which have yet been tried in the very obvious hindrances in the way of the successful operation of some worthily advocated principles given in the report that there is at hand something better than any of the above-mentioned systems.

In order to an intelligent presentation of the proposed experiments the thorough understanding of their bearing it is necessary that we know about a land-tax - what it is, why it is urged as against every or all other taxes as the sole source of revenue to the government.

The question what is a land-tax is briefly & easily
answerable. A land-tax is a tax on land only, it does not touch improvements. A land-tax is "a tax laid on land assessed at the value of strictly unimproved lands in the immediate vicinity." The answer to the objection why is a land-tax regarded as against all other taxes, as its sole source of revenue is not so brief. We can not be the begin our answer than by quoting the first of four canons which will be of use to the opposite party. These canons establish a standard by which all schemes of taxation must be measured for they are of universal acceptance.

First — the subjects of every state ought to contribute toward the support of the government in proportion to their respective abilities. Adam Smith who is credited with this canon, as indeed he is with the remaining three together, that is in proportion to the revenue which they respectively enjoy under the protection of the state. This is doubtless in the conception of the vast majority of those who read this thing who advocate this first canon. It is however with the added explanatory clause from the pen of its great author a paradox. "Is the ability of two persons to contribute," says Smith, "in proportion to their respective incomes? Take the case of the head of a family,
having an income of $300 a year, of which $200 is absolutely essential to the maintenance of self and wife and children in health and strength to labor. It is the ability of such a person who had only $200—which could possibly be saved for public and one self as great as that of another head of a family, sincerely believed is in all respects except that his income amount to $300 and has therefore $100 which could conceivably be brought under contributions. Manifestly not. And yet the most approved by some of taxation, now in their reply to this question the affirmative. It is boasted American system does not stop at the last good fortune it says that the day labor is able to contribute to the support of the national government as much absolutely in dollars and cents as the millionaires. And this last in no fact does contribute more than the former but more is not required. The food & clothing that suffice to keep alive the poor man is equally adequate to meet these requirements of the rich man. The great prodigality of expenditure practiced in this country by the rich alone had come to make the national taxes of these two classes approximately proportioned to their respective incomes—not to function their respective abilities.
Any rich man, with an income of one million, for example, living as such naturally, would pay about one twentieth of his possible savings toward the support of the government. The average laboring man pays about three fifths of his possible savings for this same purpose. Thus and several Americans, whose annual expenditures in direct taxes contributing to the national revenue do not reach $1,000 each though each is worth $50,000 or almost any city, you can find good men whose living expenses are $200 each though their joint wealth is just $10,000. Their mind and pay so much tax as the millionaires; or $1,000 pays as much tax as $10,000,000. And is certainly no equal here.

Nor is our system of direct taxes, although infinitely superior to any under equity to the American system all that could be devised at the way of an equitable taxation. These taxes and laid out both real personal property to say that in both cases they are unjust is putting it mildly. That the assessment of personal property as at present conducted is the market price, the quest or casual observation will suffice to convince any man. Men of business, integrity in all cases, do not hesitate to pay them less than that ever again to escape a fear...
dollars of tax. An assessor in one of the richest townships in Douglas Co., Kansas, is said to have reported in his personal property list only $300 in real money to not a bond or mortgage.

Even in the case of personal property which is open to inspection by the assessor, there is an abundance of inaccuracy arising from mere in judgment or lack of justice from official corruptions. Again property is continually being taxed twice, that is, once on a real state, although in different states in the same year. This is caused about by the property being taxed in one state by the credit of a bond issued by the state, or being taxed in another or several other states. It is noted to be remembered that Prof. Bancroft that a careful word of double taxation would pay for nearly three fourths of that which we now pay as personal property.

Let us now turn to real property taxation. First, it will to notice, that real property includes both land and fixed improvement. The shall difficulties, only in a lesser degree attending the taxing of the latter, that we have barely hinted at attending the taxing of that class of personal property which is open to inspection. Instances of building in the assessment of buildings to the extent of three or even three times their value, and not taxing.
As for the tax on land itself it's approximate accuracy is the greatest source of its injustice — the taxpayer being as they are. The real worth of property is largely personal consisting of bonds, mortgages, notes, money, plate and wear, jewelry &c. are valued in a muddled fashion, ie. any alleged fraud where the value of whose wealth is in land the value of which is worthless (as is always true) must not only carry his own proper burden but must stagger along by itself. The same under the added weight of the burden shirked by the other. When the merchant & banker and concerned dishonesty & trickery and at a premium & meeting full upon robbery whatever in the case of the land had or neither honestly nor dishonestly averted anything. The county rec

ide the law how many acres of land he owns & all his neighbors know its value.

Thus we have found that next to nothing can be claimed for the equity of taxes on either expenditure or accumulations. In that this very accuracy of the tax on land is ruined permanently by association with these, pale-taxed, licenced, & occupation-taxed men not the shadow of a pretense to equity. A business involving an investment of 200$ gains as much license as one involving an investment of 200$. The occupation tax has a like indifference to amount
of investments or profits. The full-tax ignores
all distinctions of ability of all costs.
Now it is said that the risk of equity in all these
methods of raising revenue is only an apparent one,
that taxes diffuse themselves — i.e., it makes no
more a tax is laid directly ultimately the burden
is apportioned by the various operations of trade
according to the actual abilities of the citizen.
This is the light of fact a right reason in the great
majority. The adhesion, therefore, so far as they
are diffused at all along the line of least resistance
which means that they ultimately fall upon the
weal — the poor, the ignorant — in short upon those
least able physically, mentally, economically. As
a comment on the diffusions of one tax, we call
attention to the fact that nine-tenths of all direct
and by far the major portion of all direct tax are
paid by the few — the wealthy.

How then is it brought about that the
subjects of the state shall meet the expenses of
the state more nearly in proportion to their respective
abilities? Some economists advocate an income
tax. This although as we have seen it does not make
the standard of our first cause in the most unexplan-
able tax of all in theory. But experience proves...
That such a tax always has been and always will be one of the most unjust and morallyizing that can be levied. For this reason, and several reasons, production and generally personal property therefore a tax levied on them is subject to all the objections which might come against it. As far as personal property, even more so for thoroughly hard it would be almost impossible to secure equity in that process. Many individuals, families, and as situated that they can with difficulty determine their income. Furthermore, now standards of value differently, in practice an income tax would be more fixed than the present certainly defective, wrong personal property tax. More and many times, from the declarative consequences upon the Iniquitarian process necessary to the enforcement of such a tax would buy either financial ruin to one's business men.

We now come to the consideration of a land tax only as a remedy for the existing evils already mentioned. What are the possibilities of land abilities near the way of mitigating these? We have noted that the majority of taxes make it possible to equity that the theoretically great equitable is practically certainly better than the worst. Does the proposed land the promise more? The in much summer
both no & yes: No: because it requires land-holders to pay all the taxes. Yes: because it requires land-holders to bear the burden in land-labor & land-rental form, would, with approximately perfect equity. This may appear at a glance for direction is now possible, & the value of unimproved land is too notorious to admit of either fraud or error in valuation. (2) Two facts determine whether a tax is paid by the consumer or producer viz.: whether the only source of supply is the land or whether the increase of price comes from demand. This principle, so generally regarded as to rend in need less any thing short than the statement would seem to warrant. The belief that a land-tax would distribute itself to some extent, probably to a greater extent than we now think, is doubtless enough to relieve any apparent inequalities. (3) All middle-men, ballards, merchants, millers & farmers of all kinds would be freed from taxation. Compeition would force prices down at least to the extent of the tax burden removed from this line of trade & industry. It is readily conceivable, I very probable, that such compeition would force prices even lower. Now as a consumer the farmer & land-holder who ever he be reaps as benefit just here. He receives back the tax he has paid for the farming
We borrowed rates on business, transacted for him by his brother. The process makes return with the sale to price of compound of coffee. The miller in the grinding of compound bulk of wheat. The commoner at large so far as they are consumers like those who share the good results of the system. Any enhancement of price, in the raising of the farmer is compensated by the passage of his product, through line of freely competing trade. These all too briefly, and the promise of a land-tax in point of equity.

The second canon is that the tax which each is bound to pay should be fixed and not arbitrary; the time of payment, the manner of payment, the amount to be paid ought to be clear and plain to the contributor and to every other person. As far as to this canon is the best guarantee of governmental probity and tax until we see assisted, in their view, as our agent, and prepared to abide by it a single jot. Yet in our tariff system, we have violated it. Every clause within the power of payment, the manner of payment, nor the amount to be paid is known to the individual contributor much less to every person. Such a condition of ignorance, at the part of the mass of our people, precludes the possi-
ability of protection against official corruption, and most terrible inequality. The difficulty of valuing produce properly and promoting, make these, to fall any short of the standard of conduct set up by the government. In the land-tax line the possibility of the closest approximations of this standard. Not only would each know the time, manner, and amount of the second payment, but by a moment's calculation that of each of his neighbors. Every man in this district could know immediately the cost the government of the enforcement of every measure for which his representation in Congress voted. By the use of statistics easily obtainable, he could determine very shortly the proportion of tax which would fall upon his district to his state, as well as upon every other in every other state in the Union. By adopting a land-tax, the problem of taxation I would become one of easy and satisfactory solution to the simplest minds of our people.

The third canon says that every tax ought to be levied as nearly as possible in the manner at the time most convenient for the great mass of contributors to pay it. To grumble—small and frequent levies are best in point of facility of collection; but the cost of assessment of property now taxed is too
Great to be of no imperative. This could be obviated by the simplicity and consequent cheapness of assessment of a land-tax. Further on we shall see this more clearly.

Fourth — The levy should be made so as to take out of the contributors' pockets as little as possible over and above what it brings into the public treasury; so as to remain in the hands of the government as short a time as possible. This means simply the least possible cost of collection consistent with right methods as determined by the canons before quoted; no great surplus of unexpended income, which is always dangerous in that it is a constant and efficient bribe to wicked or fraudulent legislation or general official dishonesty. The superiority of a land-tax is in the fact of its extreme simplicity. That there would be a saving hard by its substitution for other taxes no rational mind can question.

Now finally and more directly to the question — why is a land-tax urged as against every other tax as the sole source of revenue to the government? We advocate a land-tax because

1. Of provision to be far more equitable than any other tax.
2. Land is more easily and accurately assessable than any other commodity. It cannot be hidden away: its value is well known. The governmental proceeds so necessary to cover a partial payment of the personal property & income taxes is an almost unbearable nuisance in the case of the former, may prove ruinous in the case of the latter. Land taxation involves no such process, error, fraud, and next to impossible.

3. The cheapness of assessment provides frequent levies & light taxes which make easy & prompt collection, & no surplus of hundreds of millions in the national treasury to escape to 'national debt shoring & mining.'

4. People would be able to determine accurately & without delay just what the laying & collecting of a tax ought to cost — whether 20% of the tax laid is too much or too little, for its collection. This is the price we pay for the collection of our national tax.

5. Production would be quickened by the removal of taxes from manufacturing, commercial, & transportation enterprises. The rate of national need falls. The desire to accumulate would have full encouragement at play. The increase of wealth would be
stimulated rather than promoted.

6. "A tax on land would not affect the number of acres in existence—evidently it could not; nor the owners of the land which are not at all reached by the assessors or the collector, nor the reduction to been land except as this is right, briefly an increase drained for all the land could produce or sustain. It is not responsible, that we take the rental value of land each year by taxation, which Mr. Henry actively points out as being equivalent to the government assuming certain ownership of the land and leasing it rather than selling it, yet the land would remain just as desirable, yielded just as useful as before. Possibly just as much of it would be cultivated. XXX It is not difficult to tax a manufacturing interest to death—capital disappearing as leviathan, & Jow would drool, to serve if the government took each year even a fourth part of the results of industry." (J.H.L.)

7. A land-tax would discriminate in favor of saving, thrift, improvement, against carelessness & sloth. 160 acres of land without buildings, improved & cultivated would pay the same tax that the same or a like 160 acres in the immediate vicinity would pay with buildings, improved in most thorough cultivation. Can
I doubt that the result of such an idea of things may be to give the people generally better houses, better furnishings, & better more convenient, of every sort! Can we doubt that the farmers would have him & more machinery, & that his methods would be greatly improved?

8. A land tax would tend to discourage speculation in land, which is a mighty—misleading factor in the economic world. No man could afford to own a good acre of comparatively utterly unproductive land in the tract of a new & growing State. A man could set only by for two years only to reap at this close the results of his landworking & thrifty neighbor toil & care. Land would not go to tax because unimproved.

The foregoing are a few of the considerations, which have led me to suggest the following experiment. It is simply to assess Johnson Co. Kansas, & to make a trial levy of a tax the amount of which shall be sufficient to meet the revenue requirement of the county for a limited space of time. This requirement to be determined by official statements, at the present rate of taxation. The estimated average value of land found laid in each township is noted. This can be done in an exceptional case without the assessor
leaving the office. In cities, & towns, the estimated average value of unimproved lots in each block is taken. To make up the assessment valuation of the county, the number of acres in each township is multiplied by the farm lands valuation in each township, the number of lots in each block by the lot valuation in that block. By adding these products we obtain the county aggregate. The rate of tax is found by dividing this aggregate into the total tax.

The amount of each man's tax will be determined by multiplying together the number of acres or lots he holds, the farm lands or lot valuation, & the rate as just established. A comparison of this product with the tax each man pays will indicate something of the extent to which a land-tax would discriminate in favor of improved property as against unimproved. No matter what table of such comparisons will be a part of our work. If it shall appear from such a table that a land-tax would impose large burdens upon thoroughy well improved ground than is imposed at present very much of the good which it promises would have to be realized in practice around. This is not at all desirable. Experiments made by Prof. Carpenter of Douglas Co. have shown a contrary result appearing might as would it is
Probable indicate nothing in preparation of a land-tax. The reason for this opinion you have already noticed during the discussions of the first canons.

From these experiments we shall be able to calculate the possible saving to the people of a land-tax in the matter of assessment & collection. Any fringe which shall be shown to accrue to the people from this source will be multiplied by the extension of the tax to purposes of state & national revenue for our assessment & for collection will suffice for all taxed laid.

Our work will include much in the way of detail which we have not left space to present. It's only will perhaps be measured in comparison with what could be desired. It could be expected to be merely more than suggestive. The only remaining task is a matter of taxation, is actual trial of some the most promising systems. A land-tax might bring us more, if less, than we have hoped.

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