

How Vital is the Singleness of the Single Tax

REPLY TO WALTER FAIRCHILD

By HAROLD S. BUTTENHEIM

As an advocate of land-value taxation as the major source of local governmental revenues, if endowed with a rational mind, believe literally in the Single Tax as the sole desirable source of all governmental revenues, National, State and local? This question is suggested by Walter Fairchild's courteous and critical discussion, in the March-April issue of LAND AND FREEDOM, of my article, "If Henry George Were Writing Today," which had appeared in the February number of The Journal of Land and Public Utility Economics.

Mr. Fairchild assumes, apparently, the inerrancy of Henry George; and he argues, in effect, that a more careful reading of "Progress and Poverty" would result in my acceptance of the verbal inspiration of every statement therein and of his deductions therefrom.

From this assumption I must respectfully dissent. In repeated utterances, in print and over the radio, I am on record as recognizing the essential justice and desirability of the collection for public purposes of the community-created economic rent of land. But I do not believe it essential to the purity or perhaps I should say productivity of that method of taxation that it renounce all of its former fiscal associates and become a single tax. Here was what I said in the concluding paragraph of my radio talk of April 20, 1935, on "The Socialization of Ground Rent:"

"It is not the single tax that I am advocating, for my creed is that of a triple-taxer - not a Single-Taxer. I favor properly graded income and inheritance taxes for National and State revenues, and am emphatically opposed to general sales taxes and other repressive levies. I do not believe that all community expenditures are reflected in increased land values ; nor do I believe that all privilege and exploitation would be abolished by the socialization of ground rent. But I do believe that privilege for the few and prosperity for the many are mutually exclusive terms; and I want to see a demonstration in the United States of our ability to build a depression-proof civilization free from the evils both of fascism and of communism. To such a civilization I know of no economic readjustment

which would give greater impetus than the abolition of that major form of privilege which would disappear with the socialization of ground rent."

With this expression of faith, it may now be in order to discuss two or three of the points raised in Mr. Fairchild's article, as indicating why I cannot go the whole distance with the 100 per cent followers of Henry George.

Simon-pure Single Taxers embrace fervently the benefits-received theory of taxation, and reject with disdain the ability-to-pay theory. But are they wholly consistent? Do they not ignore the fact that ability to pay has often resulted in large part from benefits financial, physical or mental previously received from society or by inheritance? and that for such benefits the recipient may deserve no more credit than for benefits derived from land ownership? There is, I believe, both ethical and economic justification for a system of taxation based in part on the principle that the strong or the clever or the lucky should bear the burden of the weak or the stupid or the luckless. In other words, ability to pay may properly be coordinated with benefits received in a scientific system of promoting the public welfare in the raising of public revenues.

To what extent is governmental spending reflected in ground rents? This is one of the most important questions raised by Mr. Fairchild. He expresses agreement with my contention that public expenditures must be wisely made in order to increase land values; but he goes so far as to state categorically that economic rent cannot be less than the total of all public budgets properly spent. Even if this last statement were susceptible of proof, it would still leave up in the air the tremendous sums that are unwisely or improperly spent whether on wars or graft, or in planless building or well-intentioned blundering. Who can say that all such expenditures are reflected in ground rents or that they ought to be paid for wholly by land-value taxation? Or why should any one assume that if the Single Tax were the law of the land, waste and dishonesty and foolishness in public spending would disappear? Certainly not Mr. Fairchild or Henry George, for the former quotes the latter as ascribing no "magic" to the Single Tax and as expressly teaching that "it is not a panacea for all the economic ills of humanity."

Another important statement in my article in *The Journal of Land and Public Utility Economics* which Mr. Fairchild challenges, is that "urban areas show more of their total valuation in improvements than do the rural areas." "We think the

contrary is true," says Mr. Fairchild. "Figures on rural site values in relation to improvements," Mr. Fairchild points out, "are largely lacking. " But such figures as exist do not appear to support Siis criticism of my contention. In November, 1934, the Tax Policy League published a bulletin on "Assessing Land and Improvements." The sources of data were the latest available reports of State tax officials in most cases covering the year 1933 or 1932. From this study it appears that twenty-seven States published figures on land and improvement values. In sixteen of these States (Arizona, California, Colorado, Idaho, Illinois, Kansas, Louisiana, Minnesota, Montana, Ohio, Oklahoma, Oregon, South Dakota, Virginia, Washington and Wisconsin) separate figures are given for rural and urban areas. It was found that, without exception, improvements constituted a larger proportion of total real estate values in urban than in rural areas. The value of improvements in urban areas ranged from 44.2 to 70.5 per cent of total urban real estate.

Conversely, land values in urban areas ranged from 29.5 to 55.8 per cent of the total values. In rural areas improvements ranged from 9.5 to 38 per cent of the total, while in rural areas they ranged from 62 to 90.5 per cent of the total.

PROPORTION OF ASSESSED VALUATIONS FOR LAND AND IMPROVEMENTS

URBAN RURAL

Improve- Improve-

Land ments Land ments

Arizona 36.3% 63.7% (Irrigated) 80.2% 19.8%

(Dry) 84.9 15.1

California 55.8 44.2 75.7 24.3

Colorado 35.4 64.6 79.9 20.1

Idaho (Business) 40.3

(Residence) 33.6 66.4 90.5 9.5

Illinois 47.6 52.4 82.4 17.6

Kansas 33.5 66.5 89.7 11.3

(Suburban) 38.7 61.3

Louisiana 33.9 66.1 79.6 20.4

Minnesota 33.3 66.7 79.4 20 6
Montana 29.5 70.5 87.0 13
Ohio 35.7 64.5 62.0 38
Oklahoma 36.3 63.7 88.6 11.4
Oregon 54.0 46.0 88.3 11.7
South Dakota 31.6 68.4 90.3 9.7
Virginia 42.5 57.5 62.2 378
Washington 44.7 55.3 69.9 30 1
Wisconsin 33.1 66.9 69.5 305

Mr. Fairchild urges me to re-read "Book II of 'Progress and Poverty,' where the subject of increasing and decreasing population is worked out by Henry George." He says that I have failed to observe, as George did, that . . . "there may be an increase in land values even though population remains fixed or even recedes." May I reciprocate by urging Mr. Fairchild to re-read a sentence on page 421 of "Progress and Poverty:" "With every increase of population the value of land rises; with every decrease it falls." This statement by Henry George does not prove that his other statement is unsound; but it does at least show as might be shown by many other quotations that the Prophet of San Francisco, like other great leaders, was not always and wholly consistent.

One need not insist on the verbal inspiration of "Progress and Poverty" to believe, as I do, that it is one of the noblest of books ever written. Nor need the Single Taxers fear that the fundamental thesis of their great leader will be weakened by constructive attempts to re-study and re-state it for the world of 1935.