

THE SINGLE TAX REVIEW

A Record of the Progress of Single Tax and Tax Reform
Throughout the World.

WHAT THE SINGLE TAX IS.*

(For the Review.)

By W. J. OGDEN.

The Single Tax is a proposed reform in the laws governing taxation by which the present taxes on personal property and improvements on land are to be abolished and only one tax remain, viz: a single tax on the rental or annual value of the land comprising the jurisdiction of the taxing power.

As an example, let us suppose its adoption in a city like Baltimore, Md. If the sum of the annual or rental values of the more than a hundred thousand lots or parcels of ground, considered irrespective of private improvement, within the thirty-two square miles of the City's jurisdiction, aggregate an amount equal to, say, twice the sum of the total annual expenditures of the City, then a single tax of fifty per cent. of the annual value of every lot or parcel of ground in the said thirty-two square miles would yield the necessary revenue.

As a further example, let us apply it to a State like Maryland. If the sum of the rental value of the more than two hundred thousand lots or parcels of ground, considered irrespective of any private improvements, within the nine thousand, eight hundred and sixty square miles of State area, aggregate an amount equal to, say, twenty times the total annual expenditures of the State government, then a single tax of five per cent. of the annual value of every lot or parcel of ground would yield the necessary State revenue.

As applied to the United States of America, with a jurisdictional area of several millions of square miles divided up into many millions of lots or parcels

*Mr. W. J. Ogden, a well known and very able lawyer of Baltimore, Md., is what is called a Single Taxer, Limited—that is, he would confine the amount raised from land values to the sum needed for public purposes. He estimates this, as will be seen, at about 65 per cent. of land values. The remaining 35 per cent he calls "the profit of association," and he would leave it in private hands, trusting, we may assume, to its more general and equitable distribution under this new form, or rather new degree of land ownership. For present practical purposes there is but small distinction between the Single Taxer, Limited, and the other kind.—Editor *Single Tax Review*.

of ground, the percentage of the annual rental value of every lot or parcel of ground would be perhaps ten per cent. to yield the necessary national revenue.

The combined tax rates for National, State, and County or City taxes, would be perhaps sixty-five per cent, of the annual rental value of every lot of ground.

The above estimates of proportion are arrived at from as close an acquaintance with the distorted records of assessment that prevail everywhere as the writer has been able to acquire.

THE SUFFICIENCY OF THE SINGLE TAX.

One thing we know absolutely,—the annual value of land is everywhere sufficient as the sole source of revenue.

The land of a given community must yield an annual value more than the cost of government for two conclusive reasons:

First: Men associate because it is profitable to do so, and the rental value of the land upon which they establish themselves reflects the great profit in association, which profit is the excess of the total annual value of the land over the cost of government.

Second: If all taxes on personal property and improvements were abolished the net yield of wealth to the owners of land would be greater by at least the amount of the exemption, and the land by itself could therefore pay all the taxes that are now paid by land, personal property and improvements. Again, the annual rent of land would not only be increased by the exemption of personal property, but it would be further increased by the greater demand of liberated labor and capital.

THE JUSTIFICATION OF THE SINGLE TAX.

The expenditures of the State and City governments are for two purposes: first, the maintenance of government itself in salaries of executive officers, legislators, judiciary, clerks of court, sheriffs, jails and other houses of detention, the constabulary or police, and health and building inspectors; second, the construction of certain public works, viz: roads, streets, bridges, sewers, water works, parks, conduits for electric wires, gas and electric light plants, telephones and street railways, (whether elevated above the street, or on the surface, or in subways under the streets;) to which services are added public education and the care of the poor.

The first division of government expenditures is largely administrative of the second division, which includes public services that usually are farmed out to public service corporations.

The direct services of government can only be traced in what the government does, and if the beneficiaries of these services can be clearly revealed, the entire expenditures of government, in both of the said divisions, can justly be taxed to them.

It will be seen that what the government does is confined to public land, viz: the highways, for every service above enumerated is a street service, that

is, it is found to be incorporated in the land of the highway. The exceptions are public education and the care of the poor. These exceptions prove the rule—that the business of government is confined to the street, and that all street services are purely public business, for education and the care of the poor are not exclusively public business, but are rather private or individual affairs which only the exigency of social maladjustment has included among public duties and obligations.

The highways are therefore the exclusive and inclusive field of public business, and we find that from five to forty per cent. of the area of jurisdiction is appropriated for these arteries of human association. In the country they form the land into farming sections, and in the cities they form the land into blocks suitable for residence, manufacturing and trading. The sections and blocks thus formed out of the land surface comprise the exclusive and inclusive field of private employment.

The relation of the tax office to these blocks and sections of land is direct, because they are made by the construction of the highways, and the factor of location is dependent entirely upon them. The supply of location is therefore owing to the expenditure of taxes. The elaborate extensions of public service enumerated above are found to merge into the street service and add to the desirability of the block served by them. The value of the blocks and sections of land throughout the area of jurisdiction is thus found to be directly related to what the government does with the money raised in taxation. No other value is so related. Private improvements are simply worth what it would cost to reproduce them, and no one or all of the services of government can add one dollar to the market value of houses or personal property. The conclusion is irresistible,—that the fund of land value created by the expenditures of taxes is the only true source of government revenue.

THE JUSTIFICATION OF LAND OWNERSHIP.

A further analysis of the facts will reveal the justice of private ownership of land, and the inherent right of every tax payer under the Single Tax to retain the excess of that rental value of location which though supplied by the government is determined by the demand of the individual whose personal participation in the public works of his government is definitely discovered in the proportion that his contribution of tax bears to the total expenditure.

The Single Tax is the only tax that will secure to every man his fair share in the great profit of association. It is the only tax that can effect that consummation of ideal government expressed in the last four lines of the Democratic National Platform, and “insure as far as human wisdom can, that each citizen shall draw from society a reward commensurate with his contribution to the welfare of society.”

THE Single Tax is not the cure for every social ill, but—Freedom is !
—Henry George.