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THE SINGLE TAX: WHAT IT IS AND WHAT IT WOULD ACCOMPLISH

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There are supposed to be about a million single taxers in the United States. These people are not office seekers, neither are they clamoring for subsidies, or protective tariffs or other selfish and dishonest privileges. They are advocates of an economic doctrine, the law of rent, which they believe to be a law of nature, which, if obeyed, would produce a moral and social as well as an economic and a political reformation. Its far-reaching and beneficent possibilities are hidden under its economic name.

The single tax, as its name implies, is one tax levied on land values irrespective of improvements, and on franchises, which are only another form of land values. This proposition involves the abolition of all other taxes, so that a landowner who paid the single tax would be relieved from all other taxation.

It is unjust and impolitic to tax labor or the products of labor. All public revenue should be derived from land values and connected privileges. This simple fiscal term does not convey an adequate idea of the vast importance and far-reaching and beneficent character of the single tax till we become familiar with the laws which govern the production and distribution of wealth. In the physical world the simple law of gravitation produces universal order and well-being. So in the social world the law of rent is equally universal, inexorable and beneficent.

To understand the laws of rent it is necessary to fix in our minds clear meanings to the terms used in stating and explaining it. These terms are land, labor, wealth, rent, wages, capital and interest. Let us define them.

Definitions

Land is an economic term which includes all the materials and forces of the physical universe external to man.

Labor includes all human exertion, mental and physical, for the production of wealth.

Wealth is anything which is produced by the operation of labor on land and adapted to satisfy human desires.

Rent is that part of the product or natural wages of labor which men are willing to give for the use of more desirable land than that which can be obtained for nothing. Rent is the payment for the privilege of occupying or using land. It is the market value of the difference in the desirability of land. Rent is therefore a deduction from the earnings of labor, and the greater the deduction the less must be the remainder left for wages and interest.

Wages includes the whole product of labor. Adam Smith says: "The produce of labor constitutes the natural recompense or wages of labor." Not part of the produce, but the whole of it is wages. Therefore, every cent of wealth that is produced is natural wages. But labor has to pay rent for the use of land and interest for the use of capital. What is left after these deductions is current wages paid for the service of labor. The lawyer's fee, the manufacturer's profit, the broker's commission, the manager's salary, as well as the weekly payment to the common laborer, are wages.

Capital is that part of wealth which is used for the production of more wealth. Capital is always wealth, but wealth is only capital when it is devoted to the production of more wealth. Land can never be capital because it is not the product of labor, and is not to be accounted as wealth. It can be exchanged for wealth.

Interest is payment for the use of capital. It is the wages of capital. As it is commonly used interest may include rent of office, wages of lender, payment for risk, as well as true interest. In economics it is used to include only payment for the use of capital. Therefore interest and wages are that part of the earnings of labor which remains after payment of rent. Rent is the first deduction from the natural wages of labor.

Any one of these terms must be used to exclude any and all the others. So used, the single tax proposition becomes plain. As defined, rent is the annual value of land; and the single tax is one tax on the value of land: therefore, rent and the single tax are the same thing. The proposition is to take the ground rent of the nation for public revenue and to remit all other taxes. This fund of ground rent, or site value, or economic rent, whichever term may be used, is not produced by landlord or tenant, but by the community as a whole. It is a communal value. It can never be right to allow one man to appropriate that value which is created by all men. It can never be just to allow one man to charge another man for the right to live and labor on this earth; but it must be absolutely just to secure to every man all the wealth that he produces, and to prevent any man from appropriating for his own benefit the wealth which others have produced. Landlords, as such, never produce one cent. Owning land produces no wealth. Therefore, every dollar which a landlord receives for owning land is wealth which belongs to others—not to landlord, nor to tenant, but to the general community.

Rent Natural and Inevitable

But rent must be paid. All the governments on earth could not prevent payment of rent. It is a social product which arises from the general demand for the most desirable locations. It is the fund which nature provides for public expenses. Not more naturally is milk provided for the new-born infant than rent is provided for every newborn human community. And in every society this natural fund of rent increases proportionately with the increase in the public expenses. Automatically, without human regulation, the supply increases as the public need increases. What can be more just than to secure for the use of society all that society produces, and to leave to the individual all that the individual produces. This is the single tax proposition. Neither landlord nor tenant would pay any taxes; the ground rents or site values which belong to all alike would amply meet all public requirements. If landlords were allowed to retain a fair percentage of the ground rents for the trouble of paying them into the public treasury the demands of justice would be met.

It is not necessary to compensate landlords. If any persons are compensated it should be the tenants. They pay the single tax now included in their ordinary rent, and instead of going into the public treasury it goes into the landlord's pocket. Then comes the tax gatherer and gets it again as taxation, every dollar of which is unjust. The citizen, therefore, pays his taxes twice; once to the landlord and once to Government. The single tax would take it but once. So far as the landlord is concerned he would simply exchange all his present taxes for one tax on the value of his land. The value of his buildings and improvements would not be touched. These belong to him. The single tax would simply alter the incidence of taxation. Almost every year some citizens are injured by changes in the incidence of taxation, but they never dream of demanding compensation. To government belongs necessarily the right to alter the incidence of taxation for the general good. Every landlord whose income from his improvements is greater than from his ground rent would be benefited by the single tax. In his valuable work on "Natural Taxation," the late Thomas G. Shearman shows that the present system of taxation imposes on the nation, in addition to the taxes themselves, a burden of \$700,000,000 per annum, which mainly goes into the pockets of a few millionaires; that more than nine-tenths of the landlords who must bear their share of this burden have no share in the monopolistic profits which indirect taxation fosters; that seventy-five per cent in value of all real estate, including railways, is held by less than five per cent of the whole number of landowners; and that if the entire public revenue were derived from ground rents, all other taxes being abolished, the burden now unjustly borne by the mass of the people, including a large majority of the landlords themselves, would be borne by about fifty thousand of the largest landlords who now own thirty per cent of the land values of the country. And the burden now

pressing on those least able to bear it would scarcely be felt by these rich landowners. Let justice be done though the heavens fall. But the heavens would not fall, but Heaven will come to earth when justice prevails.

The Justice of the Single Tax

will be still more clear if we consider how wealth is produced and distributed. There are three factors engaged in producing wealth: land, labor and capital. There are three channels in which it is distributed: rent, wages and interest. These three outlets take all the wealth that is made. This being so it is clear that the more wealth goes to rent the less remains for wages and interest. Every advance in rent (and it is constantly advancing) is made at the expense of wages and interest. As population increases the demand for land increases and rent must rise. And as wealth increases, the more the people can pay and will pay for desirable locations, and again rent must rise. In short all human progress tends to increase rent. This ground rent, unlike wages and interest, is not made by individuals but by the entire community, to whom, therefore, it belongs. How unjust, therefore, is the present system which allows private individuals to retain for themselves wealth which belongs equally to all. Landlords, as such, do nothing at all for the wealth they obtain but are parasites on society. They toil not, neither do they spin, but they gather in the wealth which others make even while they sleep. The harder men work and the more wealth they produce the greater is the landlord's share; but no increased proportion goes to those who toil. Every blow of the hammer, every stroke of the miner's pick, every throb of machinery, every exchange in trade, every invention or improvement must pay toll to the owners of the soil.

The Remedy

The remedy is at hand and it is easy and infallible because it is just. It is to appropriate for public use the entire ground rent, including necessarily the value of franchises, and to abolish all other taxation. In a hundred ways this would operate to give to every individual all the wealth he created, and prevent one man from appropriating wealth produced by others.

It has been objected that the ground rents of the nation would be insufficient for public revenue. Consider for a moment what ground rent is. It is the total value of all the advantages attaching to a location. The following are some of these advantages:

1. Protection and all other benefits derived from government, national, State and municipal.
2. Convenience for trade.

3. Nearness to centre of population, to railways, to markets, schools, etc.

4. Social surroundings and many others. Now it is obvious that the advantage derived from government is but one among many which go to make ground rent. To contend that ground rent is not sufficient to defray public expenses is to contend that one advantage is greater than itself and all other advantages combined; that a part is greater than the whole. The fact is, the entire public expenses of the nation would not consume one-half of the ground rents.

Could the single tax be shifted? No, for many reasons. As soon as the value of land was taken for public use millions of acres now kept idle for speculative purposes would be offered for use and rents must go down. How could the landlord raise rents in a falling market? Ground rent would decline because land would be easier to obtain. House rent would decline because more houses and better houses would be built, materials being cheaper, having no tax burden to bear. And if a landlord, by a spasmodic effort, raised the rent for a short time, the whole of the additional rent would be payable into the public treasury; he could not retain a dollar beyond the sum apportioned for improvements.

The Advantages of the Single Tax

Many and great are the blessings which the single tax would bring to the nation. One great advantage would undoubtedly be the extinction of involuntary idleness and poverty. The tendency of all progress is to increase rent, and this results in diverting vast sums of wealth from productive enterprise into the pockets of landowners, bringing about stagnation in trade, and causing millions of men to be idle. The single tax would be levied on the value of all land, whether kept vacant or in use. It would, therefore, cause immense areas now idle to be offered for use both in cities and towns and all through the country, including coal and iron lands; and the power of trusts would be broken. Rents of mining land and all other land would tend to fall. More land in use would mean increased production, would cheapen materials, stimulate the demand for capital and labor and raise wages. And with land practically free, as it would be, any man who failed to find suitable employment could employ himself, and involuntary idleness, undeserved poverty, would vanish like a dream.

The very existence of civilization is threatened by an increasing army of unemployed men in every land. These millions are consumers, but not producers. Destroy land monopoly and these idlers will become producers and greatly increase public wealth. Nearly all the crimes and miseries of society flow from poverty and idleness which

are mostly involuntary. The single tax would destroy these two great evils, and bring liberty, leisure, plenty and happiness into every home.