

THE SINGLE TAX

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SINGLE TAX, The, a name given to a reform proposed by the American economist, Henry George, in his book *Progress and Poverty* (1879). George's proposal was: "To abolish all taxation save that upon land values." This was developed not merely as a fiscal reform, but as a method for applying a more far-reaching social reform, the aim being to establish equal rights in land for all men and to raise wages.

Theory.—The purpose of *Progress and Poverty* was to explain the paradox of poverty accompanying progress, and to solve the riddle of industrial depressions alternating with boom periods. George saw the answer to both problems in the monopolization of land (in its widest sense, including natural resources) by a few. The rent of land increases with material progress, said George, and landowners reap the benefit while the wages of the landless are pressed down. Rising rent encourages land speculation, which accelerates the process, and leads to such high speculative rents that some labor and capital, unable to pay these rents and still employ themselves at a profit, stop producing—in short, a depression occurs. Though George recognized other proximate causes of depression, such as monetary and credit situations, he maintained that land speculation was the basic and ever-present cause.

As his remedy for poverty and depressions, George said, "We must make land common property," but he proposed to leave land titles undisturbed and to take, instead, the rent of land through taxation. Land rent, George further argued, is peculiarly a social value, and is thus the natural source of public revenue; earned incomes ought not to be disturbed by taxation. The underlying philosophy of the single tax is "association in equality"; the freedom of the individual bounded by the equal freedom of others; "a free field and no favor."

The term "the single tax" was not used in *Progress and Poverty*, but came into use some 10 years later. Actually, the name harks back to the *impôt unique* of the French physiocrats of the 18th century. They, too, visualized one tax upon land only, but George knew little of their work when he wrote *Progress and Poverty*.

Present Day Applications.—In practical application, Henry George's single tax idea has made some progress in numerous places the world over, seldom in its pure form, more often in partial applications and approaches.

In the United States, there are some single tax colonies or "enclaves," the two leading ones being in Fairhope, Ala., and Arden, Del. The land is not sold, but is let out on long-term leases with payment of rent to the community. In Pennsylvania, the cities of the second class, Pittsburgh and Scranton, levy taxes on land at twice the rate of improvements. In 1951, a bill was passed in Pennsylvania giving third-class cities local option in levying land-value taxes at a higher rate than improvements. In California, the irrigation districts operate on a principle along single tax lines. Throughout the country, a Henry George influence appears in real estate assessment and tax procedures, and in federal homestead legislation.

Certain cities of western Canada tax land values more than improvements. The rich royalties on oilfields now coming into the provincial gov-

ernment of Alberta are largely the fruit of Georgist-inspired legislation in the early 1900's. In Australia and New Zealand, many municipalities tax land values and not improvements. Since World War II the system has spread. South Africa also has some municipalities on this system.

Denmark has a national land-value tax (called *grundskyld*, or ground dues, rather than a tax), as well as many local land-value taxes. Denmark also has a political party pledged to single tax principles, known as the Justice Party (*Retsforbund*). A Danish royal commission was appointed in 1933 to study the possibilities of full land-value

taxation for Denmark, and issued its report in 1954. There was a recommendation to apply full land-value taxation eventually, but a compensation payment to landowners was also recommended. (Compensation is disapproved of by single taxers.)

The Jewish National Fund purchases land for Israel, which is then not sold but rented to settlers. While this is not a strict single tax measure, the influence of Henry George figures in the land system of Israel. A Georgist influence also appears to be present in the land reform of the Philippines.

Earlier Efforts.—Some past efforts toward single tax legislation are also worth noting. In the United States, Joseph Fels, the soap manufacturer, put considerable money into a state-by-state campaign to put over the single tax, but without success. In 1938, an amendment was introduced in California by Jackson Harvey Ralston, proposing to repeal the state sales tax and to substitute a land-value tax, but it was defeated.

In England, the then dominant Liberal Party (under Winston Churchill, David Lloyd George, and Lord Herbert Henry Asquith) presented a budget in 1909-1910 calling for a valuation of all the land of England with a view to taxing it. The opposition of the House of Lords defeated it, although one result was that the political power of the Lords was thereafter curtailed. In 1931, Philip Snowden introduced a similar bill, and though it was passed this time, it was shelved and forgotten in the political and economic crises of those days.

Before World War I, Germany, seeking to prove itself a capable colonial power, started to introduce the single tax into its Chinese colony of Kiaochow with a view to making it a model colony. There was in Germany, up to the time of Adolf Hitler, an active *Bodenreform* movement, under the leadership of Adolf Damaschke.

The liberals of Russia, during the shortlived regime of Aleksandr F. Kerenski, actually wrote the single tax idea into their new constitution, but this was swept aside in the revolution that followed. The influence of Henry George was very strong in pre-Bolshevik Russia, and he was the chief rival of Karl Marx. Leo Tolstoy was one of George's Russian converts.

Publications and Organizations.—Besides legislative efforts, there has been since Henry George's day an active movement to promote the single tax philosophy through educational means. In the United States, there have been numerous organizations and periodicals. The longest-lived and leading periodical was the *Single Tax Review* (later called *Land and Freedom*), published 1901-1943. The Robert Schalkenbach Foundation in New York City was founded in 1925, and keeps the works of Henry George in print. The Henry George School of Social Science was founded in New York

City in 1932 by Oscar H. Geiger. Educational and nonpolitical, the school offers courses based on the writings of Henry George and other authors. It has branches in many cities in the United States and Canada, and courses by correspondence are also offered. There are similar schools in England, Denmark, Australia, New Zealand, Spain, and Formosa. The school publishes a monthly, the *Henry George News*.

In England, the International Union for Land Value Taxation and Free Trade holds periodic international conferences and publishes a monthly, *Land and Liberty*. Other periodicals are *Terre et Liberté* (France), *Grundskyld* and *Vejen Fren* (Denmark), the *Standard and Progress* (Australia), and the *Square Deal* (Canada). Throughout the world today, there are perhaps a million single taxers.

Arguments Con and Pro.—A number of economists (among them John R. Commons, Herbert J. Davenport, Harry Gunnison Brown, and Robert Murray Haig) have favored the land-value tax principle of Henry George, but not necessarily as a single tax. Criticisms of the single tax by current economists may be summed up as follows: The single tax was evolved in a period when great fortunes were being made from land values; today, the income tax and other measures have acted as levelers on these fortunes. Poverty is not so intense today, and wages are not tending to a minimum. The rent of land is not a large component of the national income and would be far from sufficient for today's heavy governmental budgets. Economic society has grown more complex and a simple analysis, such as George made, is inadequate.

The single taxer would reply to these criticisms as follows: However much or little the rent of land is, it should be collected by society, as a matter of justice. The income tax makes no distinction between earned and unearned income. The rent of land is probably much greater than current estimates show, because it is often disguised in various forms (such as dividends), and because in many communities land values are not properly assessed at 100 per cent of true value. Wages and farm incomes have been artificially maintained by governmental props and supports, and by the constant pressure of labor unions; remove these, and the downward tendency would reassert itself. The single tax is the natural way to raise wages. Governments are notorious for having an unlimited appetite for revenue. The rent of land is the proper source of public revenue, and the government could and should learn to live within its proper income, just as individuals must. Without denying today's complexities, the single taxer asserts that land is still the foundation of economic society, and that the economic system must be sound at its base.

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