

Raffles Had the Winning Ticket

by Mike Curtis

In 1819, some fifty years before the publication of *Progress And Poverty*, Sir Thomas Stamford Raffles established the British trading port of Singapore. Not only was it advantageously situated for trade, at the end of the Malay Peninsula, but it was set up with no tariffs or other taxes to inhibit commerce. Slavery and gaming were outlawed, and all revenue was derived from the rental value of land. As any Georgist would have predicted, Singapore's population and productivity grew at a rapid pace.

Slowly and surely taxes have been added since its founding — including income and sales taxes — and gambling has become a very big tourist attraction. However, in the year 2000 more revenue was collected from land rent than the income tax. Singapore has about five million people on an island of only 26.5 square miles (186,000 people per square mile), second only to Monaco in density. Seventy one percent of the total population is employed, which is an exceptionally high proportion (it's less than 50% in the US). It is among the most productive countries, possibly the most productive per worker in the world. At the end of 2009, in the Great Recession, there was only 3% unemployment. Ninety percent of families are considered homeowners, although it is hard to decipher the statistics; it seems as though 85% of the housing has been built with government direction and most of it is sold like condominiums. Poverty and homelessness were listed as zero, which must mean they are negligible.

I am sure they do not collect the full rental value of land (unless “full rental value” is defined as the Arden Assessors do: only what is needed for revenue); there is no free land margin where people could go to live and work; therefore, wages cannot be significantly higher, as they would be with a broad application of the full Single Tax. However, Singapore and Hong Kong may be the very best examples of more than 100 partial applications of land value taxation around the world today. In Singapore, as in every case, the benefits are proportional to the degree and extent that the potential rent of land is the source of revenue.

I thought about Singapore when I got a recent email advertisement saying their recession is over, their economy is booming and it is now the best place to invest.

In preparing this little essay I looked at the [CIA World Factbook](#) on the Web. Among all the impressive numbers I quoted was also the fact they had introduced a goods and

services tax (GST), like that of Canada. They have increased it several times over recent years and it is now at 7%. It is below the City of New York's sales tax of 8.25%; however, it means not only an increase in prices, but a reduction in the amount of land rent that is collected. Therefore, Singapore is left with a significantly lower penalty for the underutilization of its industrial and commercial potential. As in many other places, it seems, public collection of land rent created prosperity – and higher land rents – and then landowning interests used their political clout to get more of that rent for themselves.

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