

A Tax Upon the Value of Land

A Sufficient Source of Municipal Revenue

By WALTER FAIRCHILD

I SHALL briefly state the fundamental principles of what we who advocate it call the Single Tax. We propose to abolish all taxes save one single tax levied on the value of land, irrespective of the value of the improvements in or on it.

What we propose is not a tax on real estate, for real estate includes improvements. Nor is it a tax on land, for we would not tax all land, but only land having a value irrespective of its improvements, and would tax that in proportion to that value.

Our plan involves the imposition of no new tax, since we already tax land values in taxing real estate. To carry it out we have only to abolish all of that which now falls on buildings or improvements, leaving only that part of it which now falls on the value of the bare land, increasing that so as to take as nearly as may be the whole of economic rent, or what is sometimes styled the "unearned increment of land values."

That the value of the land alone would suffice to provide all needed normal public revenues—municipal, county, state, and national—there is no doubt.

Some Advantages of the Single Tax

To show briefly why we urge this change, let me treat (1) of its expediency, and (2) of its justice.

From the Single Tax we may expect these advantages:

1. It would dispense with a whole army of tax gatherers and other officials which present taxes require, and place in the treasury a much larger proportion of what is taken from the people, while by making government simpler and cheaper, it would tend to make it purer. It would get rid of taxes which necessarily promote fraud, perjury, bribery, and corruption, which lead men into temptation, and which tax what the nation can least afford to spare—honesty and conscience. Since land lies out-of-doors and cannot be removed, and

its value is the most readily ascertained of all values, the tax to which we would resort can be collected with the minimum of cost and the least strain on public morals.

2. It would enormously increase the production of wealth:

(a) By the removal of the burdens that now weigh upon industry and thrift. If we tax houses, there will be fewer and poorer houses; if we tax machinery, there will be less machinery; if we tax trade, there will be less trade; if we tax capital, there will be less capital; if we tax savings, there will be less savings. All the taxes therefore that we should abolish are those that repress industry and lessen wealth. But if we tax land values, there will be no less land.

(b) On the contrary, the taxation of land values has the effect of making land more easily available by industry, since it makes it more difficult for owners of valuable land, which they themselves do not care to use, to hold it idle for a large future price. While the abolition of taxes on labor and the products of labor would free the active element of production, the taking of land values by taxation would free the passive element by destroying speculative land values and preventing the holding out of use of land needed for use. If any one will but look around today and see the unused or but half-used land, the idle labor, the unemployed or poorly employed capital, he will get some idea of how enormous would be the production of wealth were all the forces of production free to engage.

(c) The taxation of the processes and products of labor on one hand, and the insufficient taxation of land values on the other, produce an unjust distribution of wealth which is building up in the hands of a few, fortunes more monstrous than the world has ever before seen, while the masses of our people are steadily becoming relatively poorer. These taxes necessarily fall on the poor more heavily than on the rich; by increasing prices, they necessitate a larger capital in all businesses, and consequently give an advantage to large capitals;

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and they give, and in some cases are designed to give, special advantage and monopolies to combinations and trusts. On the other hand, the insufficient taxation of land values enables men to make large fortunes by land speculation and the increase of ground values—fortunes which do not represent any addition by them to the general wealth of the community, but merely the appropriation by some of what the labor of others creates.

Sales taxes, gasoline taxes and other taxes including taxes on homes which we would abolish, fall most heavily on home owners, and on the poorer agricultural districts. Such taxes tend to drive population into the great cities. The tax on land value which we would increase would destroy that monopoly of land which is the great cause of crowding people too closely together in the cities. Families live on top of one another in cities because of the enormous speculative prices at which vacant lots are held.

When we tax houses, crops, money, furniture, capital or wealth in any of its forms, we take from individuals what rightfully belongs to them. But when we tax ground values we take from individuals what does not belong to them but belongs to the community.

Money spent for public improvements and services makes land valuable throughout the area served. Land value is a differential value and rises as population concentrates and falls as people move away.

Present Tax Burden on Improvements

The concentration of land value is much greater in commercial areas than it is in home neighborhoods.

The average home building costs \$5,000 built on a lot worth \$1,000 and is now taxed on 5 units of building for one unit of land value.

The average office building costs about as much as the land on which it is built and is now taxed on one unit of building for one unit of land value.

The average home owner pays three times his share of taxes.

He pays three times as much as he would pay if all taxes were shifted from buildings and personal property to land value.

The excess taxes thus taken wrongfully goes to owners of commercial sites and speculators in vacant lots and slum sites.

Land value is the only true measure of the differential advantage which one site enjoys over another in making use of the public expenditure of money. By taking all of the differential site value into the municipal treasury annually to be spent for the common benefit, the cost of government as well as the advantage of site values are shared equally by all.

The total public budget is approximately equal to the total annual land value. All legitimate public expenditure can be met out of land value without touching private personal property.

The annual ground rent of New York City land for ordinary real estate, excluding improvements, exceeds \$600,000,000. Added to this is the value of franchises, pipe lines, railroad, telephone, gas, electric and other utilities amounting annually to about \$150,000,000 more.

In addition to this local advantage, we must remember the national heritage of coal, iron and other mines, oil wells, water power, timber, etc., royalties from which would be enough to pay the cost of the national government.

We propose to take all of this value for public use.

For the municipality to take less or to take private property by taxing incomes, inheritances or sales (or by increasing the public debt—twin evil of indirect taxation) to pay for public works and services, so long as any part of the land value resulting from public works and services is left in private hands, takes money out of the pocket of the producer and puts it into the pocket of someone else who did not produce it.