

## The Single Tax\*

By HENRY GEORGE

THE Single Tax is NOT a tax on land. It is a tax on land value—on that value which attaches to land irrespective of improvements in or on it; that value which remained in the land of Johnstown after every improvement had been hurled into awful heaps of debris; that value left in the business part of Lynn lately swept by fire; that value which remains in a centrally located city lot after the building on it has become of so little value that it is bought only to be torn down.

It may be said: "What is the use of making this distinction? You would not speak of taxing house values or ship values; but of taxing houses or ships. In the United States when we speak of taxing land we mean taxing it according to value. We do tax some things specifically, but land we usually tax by value." This is true. And it is worth noting. For it shows that instead of being a new tax, which would require a tremendous new taxing machine and a fundamental change in our government, the Single Tax is really a tax we now collect in the tax on real estate. All that is new in it is the SINGLE. The tax itself we already have. To make it the SINGLE tax we have only to abolish other taxes.

But as to the necessity for the distinction. There is a difference between taxing land and taxing land values that does not exist between taxing such things as ships and houses and taxing their values—a difference that, although of no importance in ordinary thought or speech, becomes all-important when we come to reason on the effects of taxation. A tax on house or ship values would fall on all houses or ships—or at least on all that have not been abandoned and are yet in use. But a tax on land values would not fall on all land, nor yet on all land in use, for value does not attach to all land, nor to all land in use.

A tax on land—that is to say, a specific tax on all land—WOULD become a condition to, and a restriction on, the use of land; WOULD hamper the use of the natural factor of production; WOULD fall on farmers; WOULD become a tax on labor; and WOULD increase prices by increasing the cost of production. These are valid objections to a tax on land. It is a tax on what in the terminology of political economy is styled rent—that value, namely, which, irrespective of the value of improvements, attaches to SOME land with the growth of population and social development; that premium which the user as user must pay to the owner as owner,

either in one payment (purchase money) or in annual payments (rent), for permission to use land of superior excellence.

The Single Tax, therefore, could NOT fall on all land. It could fall only on valuable land, or land of superior excellence. Hence it could not restrict production, or lessen the use of land, or diminish the earnings of labor or capital. It could only take the premium which the user as user must pay to the owner as owner; and since this would discourage speculation and make it easier to get land for use, it would tend to increase production and to increase the earnings of labor and capital.

In point of exchangeable power, or as items in the wealth of individuals, there is no difference between a given value of land and a like value of grain, metals, cattle, clothing, machinery, tools, or ships; but observation will show wide differences in their nature, their genesis, their laws, and their relations. As an example of the valuable things whose common character is that they are produced by labor, and which in political economy are alone properly classed as wealth, let us take a thing of the kind that in common thought and legal terminology comes closest to land—a building.

Here is a building which, irrespective of the land it stands on, is worth \$5,000; and here is a piece of land which, without any improvement in or on it, is also worth \$5,000. These values are equivalent, representing to the owner equal powers of obtaining other things in exchange. But—

The value of the building attached to it originally, from the moment it came into existence. The land had no original value. There is no building in the United States that did not have a value when first erected. But, though the land has existed for geologic ages, there is no land in the United States that has had any value for more than a few hundred years; while there is much land now valuable that has only had a value for a few years, or even for a few months.

The value of a building lessens with time, since with time buildings decay. And in growing and improving communities improvements that cheapen the cost of building, and changes in the kinds of buildings demanded, also tend to lessen the value of existing buildings. But land is not subject to decay or change of fashion. Nor can decrease in the cost of production lessen its value, for land is not produced by man, but was here before he came. So far from diminishing with time, the value of land in growing and improving communities tends steadily to increase. In all our growing cities there is no building that is worth as much as it was a year ago, but land as a rule is worth more.

In the case of the building, what determines value is the cost of producing such a building. In the case of land, it is its relative advantage for use over other land—the final element in which is its location in respect to population. The value of the building has thus indi-

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vidual exertion as its basis. It represents the present value of labor embodied in the building. The value of land, on the other hand, has social growth as its basis. It does not represent the value of any individual exertion, but the present value of an appropriation—for the ownership of land cannot be obtained by producing, but only by appropriating what already exists. The labor of the individual exerted on land may produce value, but it will be a value inhering in the product or improvement the labor makes, not in the land itself. That value comes only by growth of population and social advance. A man may work or spend on land to any amount; but no matter how valuable his improvements, the land itself acquires no value except as the community around it grows and improves, or access to larger populations is opened. He may do nothing at all, and, as social growth and improvement go on, the value of his land will increase. He may be an absentee, an infant, an imbecile—social growth will still add value to his land.

Thus in taxing buildings or other products of labor we take from the individual what individual exertion produced, thus impairing the natural reward of exertion, and checking the springs of general wealth. But in taxing land values we take from the individual what is brought by social growth; we simply apply to the use of the community what non-producers would otherwise appropriate. In no wise do we lessen the rewards of exertion or check the springs of general wealth. On the contrary, in applying to public use the power of drawing on the general wealth which pertains to the ownership of land we discourage ownership without use, and thus prevent natural opportunities for production from being withheld from use.

Here it may be asked, as the Socialists ask, "Why should not the whole results of production be left to those who take part in production?"

The sufficient answer is, that there is no possible way of leaving to labor and capital that part of the product that constitutes economic rent. This setting aside, as it were, of a certain portion of the results of production which MAY be taken by the community, but otherwise WILL be taken by non-producers, is a result of advance in civilization. It arises from the necessity, which comes with the higher uses of land, of giving individual possession, and from differences in the capabilities of land. Even where the owner and the user of land are the same person, economic rent exists. Where the demand for wheat causes the cultivation of land that with a certain application of labor and capital will yield fourteen bushels an acre, the owning farmer whose land, otherwise equal, will yield to the same application twenty bushels will have an advantage—not as a cultivator, but as a land-owner. The power of getting six bushels more with the same exertion will inhere not in his labor nor in his capital, but in his land. He may cease to take any part in production and still get the equivalent of the six bushels

by renting the land; or if he does not choose to rent, or is prohibited from doing so, he can get from the user who takes his place an equivalent sum or obligation. So, if a site in the center of a city will enable a store-keeper to get a larger net profit than will one on the outskirts, a separable advantage will attach to this site, which he who has the right of use can rent or sell.

These advantages attach to land; they cannot go to labor or capital. Where they go to a laborer or a capitalist, they go to him not as laborer or capitalist, but as land-owner or possessor and give him an advantage above what his labor and capital can give. The whole product can go to labor—or to labor and capital, if they both engage in production—only where social development is so rude that no special advantage attaches to one location over another, and the land is treated as a common. In civilized societies, where there are great and increasing differences in the advantages of location, it is only on the poorest land in use that labor and capital can retain the full results of production. Any location where land has superior capability must command a premium which labor and capital must pay. This premium may be taken in taxation on land values for the use of the community, as we Single Tax men propose; or it may be left to land-owners, as for the most part it is now left. But it cannot go to labor and capital. There is no way of leaving it to them.

Let me illustrate: In newspaper offices where union rules prevail the price of composition is based on the average work, and steps are taken to secure to every workman his fair chance of "fat" and "lean." But it is sometimes desirable to permit special men to set particular kinds of "fat matter." In such cases those who set this matter pay a premium to the others by way of equalization. To abolish these premiums, and to allow the men who set the "fat" to retain the full amount of their bills, would not be to give them the wages of their labor, but to give them the advantages of monopoly. To put the theory of the Single Tax in terms every printer will understand, it is to take "department premiums" for the use of the "chapel."

Labor, capital, and land are the three factors of production, the first two being different forms of the human factor, the last being the natural factor. Labor and capital must have a reward for their exertion or they cannot continue to exert themselves, or, indeed, to exist. But Nature claims no reward. Land is her free gift to man, her gratuitous service. The primary division of the product is therefore between these two, or into wages and interest. And this (monopoly eliminated) continues to be the division on what in political economy is styled the margin of production, or the poorest land in use—land on which labor and capital can produce only their ordinary returns. But where labor and capital are willing to work on land of a certain quality—or, what is the same thing, can from their product on it



obtain the ordinary rate of wages and interest—then that law of competition that tends to bring wages and interest to a common level will enable the owner of land of superior quality to claim the excess which the exertion of labor and capital will yield on that, over what they could obtain on the poorer land. And as the earnings of labor and capital must always be fixed by what they can obtain on the poorest land worked, while the growth and development of society tends to bring out higher and higher capabilities in particular lands, the portion of the results of production that land-owners can claim tends constantly to increase with the advance of civilization.

It is this part of the increment of wealth—the part called by John Stuart Mill the “unearned increment,” because it now goes to, non-producers—that we propose by the Single Tax to take for public needs in place of the taxes now levied on industry, enterprise, and thrift.

Is not this clearly the wise and just way of raising public revenues?

*(To be Continued)*

## Action!

IT seems unthinkable that any Henry-Georgian should object to organization and action. Suppose mistakes are made. They are inevitable, but in spite of our mistakes the right implement can only be found by trying and will be found at last, and the cause will triumph sooner than from a course in inactivity.

Are we to be raised to the seventh heaven every time we read a Georgist paper or book and then do nothing about it! It would seem that we have wasted enough steam in that way to have got somewhere long ago. But we are all playing the part of lone scouts with none of the enthusiasm of camaraderie. The exhilaration of belonging to a great national body would be of untold value to the cause.

The appeal from the Land League in your last issue came as a surprise to the writer who had not heard of its existence. The long name of American Association for Scientific Taxation seems unnecessary and misleading. Why not simply The American Land League!

The appeal contained two very valuable proposals—first that no dues or obligations except political cooperation be imposed and second that we depend on systematic petitioning of legislatures. A volume of petitions rolling up every year in every State would put our cause squarely before the American people.

LEWIS H. CLARK, Sodus, N. Y.

## A Funny World

WE worry about the morale of the workingman who has to go on relief, because we know that he himself worries. Any decent man prefers to earn the money he spends, and feels himself degraded if he has to take without giving something in exchange.

But nobody worries about the landowner who takes in a big income without earning it. Least of all does he himself worry, about his morale or anything else, even though he is taking without giving anything in exchange.

It's a funny world!—GRACE ISABEL COLBRON.

## The Keynote

### Convention Speech, 1940

By HON. B. A. PARTYMAN

### A Story of Tax Relief for Land and of New Deal Prosperity

By HARRY GUNNISON BROWN

Author of “The Economic Basis of Tax Reform”

Mr. Chairman; Fellow Delegates to this Great Convention:

AS we meet here to deliberate on the selection of a leader in the campaign which lies before us, and on the formulation of a programme to be carried out during the next four years, it is eminently fitting that we pause a little while and pass a backward glance at the accomplishments and progress of all the states and of the nation during the years, since 1932, that our party has guided the destinies of America. There is a unity in the legislation of the states and of the national government during this period, which can be explained only by the fact that the great party which we represent has guided and directed both.

It sometimes happens that fundamental principles of wide application, which only an insignificant fraction of the people have previously understood, seem to burst suddenly on the popular mind and come to their full flowering in policy during a comparatively few years. Then there ensues a period of material and cultural development which succeeding generations look back upon as a golden age of human progress.

The great twin principles, that high land values are the foundation of prosperity and that taxes on land should be reduced in order to make land values high, have long been understood by the intelligent and substantial few. But it was not until seven or eight years ago, when our great party was waging its successful struggle for control of the national and state governments and during the opening months of the new administration, that these two fundamental principles began really to permeate the understanding of the great multitude. During these critical and significant months, however, it became increasingly clear to an ever increasing proportion of the citizenry that tax relief for land was the one fundamental reform for which all really good citizens, and certainly all landowning citizens, ought to work. For, clearly, the more that was paid in rent to landowners by the remainder of the people for permission to live and to work on the earth in any locations having community-produced situation advantages, and the less of this rent that was taken in taxation by the public, the higher would be the sale value of the land. And if the land was worth more, then each community and the nation would be more prosperous.

There had been, many long years before, a strange