

CHAPTER 10

ORIGIN AND IMPLICATIONS OF THE NAME *SINGLE TAX*

In the 19th and early 20th centuries Henry George's proposal was known almost exclusively as "the single tax." The term is still found in histories, encyclopaedias and the writings of many economists. Although "land value taxation" is now the appellation used by Georgists, "single tax" is often the only association with George's name, if any, that has been made by the public. Since to refer to the proposal by a designation which makes no mention of land has beclouded the general understanding of it, and had pronounced psychological effects upon Georgists too, it is important to ascertain just how this name came into being.

As has been noted earlier, the term was first used to describe the movement by the lawyer Thomas Shearman, who took it from *Progress and Poverty*. There it appears only twice within the entire book, and the so-called tax is seen to be not really a tax but a charge upon land, which is "rent."¹ George consented to the name, and later often used it himself.

Three questions arise: 1) Why did George, who was usually precise in his choice of terms, say "tax" when he meant "rent"; 2) Why did he feel tax reduction to be an integral part of his plan for land reform; 3) Why did he, apparently, want this tax reduction to be extended to its ultimate degree of tax *abolition*?

These points, which already have been partly explained, will now be analysed more thoroughly.

1) The reason George called the rental charge a tax is explained in Chapter 2, Book VIII of *Progress and Poverty*. After stating that private property in land should be abolished, the author says this could be done by "declaring all land public property and letting it out to the highest bidders"—but that this would give people "a needless shock . . . which is to be avoided," and could equally well be effected by taking for the public treasury the whole rental value of land.

"We already take some rent in taxation," he writes. "We have only to make some changes in our modes of taxation to take it all."²

After people had become confused by *P & P*'s somewhat alarming phrase, "We must make land common property," George found it even more imperative to bring out that land was to have a charge laid upon it, rather than be nationalized.

In his *Standard* editorial of March 1889 quoted earlier, he explained how the word "tax" dispelled popular fears that the nationalizing and equal dividing up of land was being advocated. For whatever dismal associations it may have in the public mind, a tax is at all events an adjunct of the system of private ownership.

But even more pertinent than his concern for any misapprehensions as to private tenure was George's preference not to shock people any more than necessary with an abrupt departure from customary procedures. He came from a gentlemanly, partly religious, traditional background, and daring as his intellectual outlook might be, he didn't have the willingness of a true radical to disrupt accustomed modes of action.

"To bring a principle most quickly and effectively into practical politics" he wrote, "the measure which presents it should be so moderate (while involving the principle) as to secure the largest support and execute the least resistance."³

And so he wanted to soften his revolutionary proposal to eliminate all land-profits by making the measure seem not so much a sudden, new deprivation as merely a step-by-step increase of the small land tax people already paid.

2) All the above explains why George called land-rent a tax.

It does not yet explain the crucial question of why he advocated the remission of ordinary taxes. For theoretically it would be perfectly possible to collect rent, call it a tax, and yet still retain all general taxation.

Did George couple land reform and tax removal for reasons of strategy—or of economic principle? Both were involved. To consider the strategy first:

Though he felt direct compensation to individual landowners to be unnecessary, George was aware that the confiscation of land values would seem less revolutionary if it were not only called a tax, but if it were accompanied by a corresponding amount of general tax relief. The charge would then, at least for many people, amount to shifting from one form of taxation to another, quite possibly to the taxpayer's net benefit. Not *all* landowners, to be sure, would be thus compensated, but enough to make the measure politically acceptable.

However, George was never ruled by expediency in the ordinary sense, and a deeper reason, already referred to in the outlining of his theory, underlay his advocacy of tax remission.

"To abolish the taxation which, acting and reacting, now hampers every wheel of exchange and presses upon every form of industry," he wrote in *Progress and Poverty*, "would be like removing an immense weight from a powerful spring."⁴ All his life he was to affirm that the best economy is that which allows the greatest freedom of action and gives the fullest rewards to self-reliant workers. Ten years later, in his *Standard* editorial on the subject, he said further:

"What we want to do is not merely to impose a certain kind of tax, but to get rid of other taxes. Our proper name, if it would not seem too high-flown, would be 'freedom men' or 'liberty men' or 'natural order men';" for it is on establishing liberty, or removing restrictions, on giving natural order full play, and not on any mere fiscal change that we base our hope of social reconstruction. . . . We want as few taxes as possible, as little restraint as is conformable to that perfect law of liberty which will allow each individual to do what he pleases without infringement of equal rights of others."

In a secondary way, George also deplored the opportunities

which ordinary taxation affords to collectors for wastefulness and corruption, and to taxpayers for evasion.

So tax removal was to him both a method with tactical advantages, and the expression of a principle. It represented not a concession to "the end justifies the means," but a belief that a good end and a good means went together.

3) So far it has been shown both why the rental charge was called a tax, and why a substantial amount of tax reduction was envisaged as the logical counterpart to the imposition of the rental charge. It now remains to be seen how this concept grew to embrace the abolition of *all* taxation inherent in the term *single tax*.

That total tax abolition was not originally a supreme goal to George is indicated by many items in his writings. In *Progress and Poverty* he mentions inheritance, excise and luxury taxes as acceptable, and mildly remarks that taxation "should not be resorted to if any other mode of accomplishing the same end presents itself."⁵ In *Protection or Free Trade* he writes:

"A large revenue might be derived from the liquor traffic . . . there are also some stamp taxes which are comparatively uninjurious. . . . But of all methods of raising an independent Federal revenue, that (after the land tax) which would yield the largest return with the greatest ease and the least injury is a tax upon legacies. . . . Even the income tax, bad as it is, is in all respects better than a tariff."⁶

After 1886, however, when a Marxist form of socialism was gaining ground among American workingmen, George more than ever looked upon the land tax as preservative of individual rights. This led him to make some extreme statements against *all* taxation.

For instance, in *The Condition of Labor* (1891) he spoke of leaving "sacredly to the individual the full fruits of his labor," proposing that the land tax be accompanied by repeal of all other taxes, "which taxes . . . we hold to be infringements of the rights of property."⁷ The next year in *A Perplexed Philosopher* he put "robbery, brigandage . . . and taxation in all its forms" in the same category.⁸

Yet his preponderant, lifelong stress was clearly on land reform, not tax removal (except for the tariff), and this is true even in those two books motivated by personal protest, and possibly by the irritability of his failing health—let alone in *Progress and Poverty* and his other books. Although *P&P* is 565 pages long, it contains only a section of 14 pages, plus a few scattered paragraphs, that deal with general (non-land) taxation at all.⁹

Nevertheless, when all this is said, one must state that, in theory anyway, George was for the removal of all taxes; for he did unequivocally propose "*To abolish all taxation save that upon land values.*"

And so let us revert to the question of why he, apparently, extended his feeling against taxes in general to the extreme point of counselling total tax abolition.

The premise underlying the abolition proposal was that the revenue obtainable from land would equal, or even exceed, the funds currently derived from all other sources.

In *Progress and Poverty* George writes: "In every civilized country . . . the value of land taken as a whole is sufficient to bear the entire expenses of government. In the better developed countries it is much more than sufficient."¹⁰

Although this may not be true today, many experts have calculated that the estimate, as of George's day, was either correct or very close to it, since the great defense and welfare costs of modern budgets didn't exist. At any rate, it was what George most of the time thought. It might seem, therefore, that his reason for urging the removal of all taxes was simply that since taxes are onerous and undesirable, and since, thanks to revenue from land, they *could* all be abolished, why then, they *should* be.

This, strange to discover, was not the way his mind originally worked. On the same page with his climactic statement that the sovereign remedy against poverty is "*to appropriate rent by taxation*" he continues:

"Now, inasmuch as the taxation of rent or land values must

necessarily be increased just as we abolish other taxes, we may put the proposition into practical form by proposing *To abolish all taxation save upon land values.*"¹¹

This is a curious sentence on which to hinge the whole crucial connection between land reform and tax *abolition*. Just what does he mean by it?

The purport becomes clear if one reads a passage on the same subject in his *Protection or Free Trade* (italics supplied):

"But it often happens that a precipice we could not hope to climb . . . may be surmounted by a gentle road. And there is in this case a gentle road open to us which will lead us so far *that the rest will be but an easy step.* . . . Now it is evident that *in order to take for the use of the community the whole income arising from land . . . it is only necessary to abolish, one after another, all other taxes* now levied, and to increase the tax on land values till it reaches *as near as may be the full annual value of the land.*"¹²

The impetus for the removal of *all* taxes thus arose out of George's deep desire for the appropriation of *all* land-rent. Indeed, he thought tax abolition would not even suffice to counterbalance and induce the collection of all rental value, since land would probably yield *more than* the current taxes—but that the rest would be "but an easy step." *Total tax exemption was originally, in his mind, not so much an ideal in its own right as a device to effect the absorption of the entire land profit.*

The desire to appropriate for the common benefit the entire advantage from landowning was a passion to George. His hope of achieving this completely by transferring the maximum amount of ordinary taxes to land was more responsible for his urging the "singleness" of the tax than any doctrinaire feeling against *all* taxation.

Yet the record leaves a different impression. Henry George has gone down in history as the father of the single tax, a proposal that to many spells tax reform as an equal partner to land reform.

To explain, at least in part, George's apparent acceptance of

tax abolition as a goal virtually as desirable as land reform, one must review the influence of Thomas Shearman.

A prominent lawyer with many industrial and banking companies as his clients, Shearman naturally viewed large-scale capital in a favorable light. While he deplored the land-monopoly element in railroads, and was against stock-watering and other specific sources of profiteering, he denied that the concentration of business as such might result in unearned gains that should be subject to taxation. In his book *Natural Taxation*—his version of the land-tax proposal—he opposes all ordinary taxation, especially the general property tax and tariffs, but also brushes off income and inheritance taxes.¹³

This anti-tax citizen not only named the movement, but devised a method for implementing it. The plan—which George approved, supposedly as a transitional measure which would lead further—was known as “the single tax limited.”¹⁴ Here Shearman proposed collecting not *all* land-rent, but only about sixty-five percent of it, which he deemed enough for public revenues—lest more should conduce to governmental extravagance.¹⁵

The emphasis veers from George’s intent completely to destroy landed privilege, and aims rather in the direction of curbing state interference, especially spending. Yet George had no fear of government spending: in *Progress and Poverty* he even lists all the things, including public heating and lighting, education and amusements, that the state could offer its citizens if only it had the money.¹⁶

There are other indications that the two men differed in social outlook. Although the wealthy Shearman helped to finance the *Standard* and the publication of *Protection or Free Trade*, he did not back George’s mayoralty campaigns, which were under the aegis of Labor and Democratic parties; and in 1896 he opposed the Democratic presidential candidate, William Jennings Bryan, whom George actively endorsed.¹⁷

The lawyer’s advocacy of free trade was a bond between George and Shearman, but this may have implied less liberalism of outlook on the latter’s part than George realized. For Shearman represented railroad interests, and railroad men,

unlike many industrialists, have a selfish interest in tariff-abolition since their profits, coming from internal transportation charges, cannot be diminished by foreign competition, whereas it is to their advantage to import steel, etc., cheaply.

Be that as it may, there is no doubt that George and Shearman differed in their reasons for recommending tax abolition. Both men, it is true, favored it as a means of freeing productive enterprise from unnecessary shackles and giving full rewards to workers; but after this their emphases diverged. To George the worst thing about ordinary taxes was that they hampered *production*, whereas Shearman introduced the further and diverse concept that too great revenues conduced to too much state interference and extravagance.¹⁸

Finally, George saw total tax removal as a road to the total abolition of landed privilege, and this goal was far closer to his heart than tax removal for its own sake, whereas to Shearman the latter purpose was extremely important.

Always in George's life there were associates who epitomized and deepened his varied approaches to the land plan. Just as Father McGlynn was the focus for the religious and quasi-religious followers, and Louis Post and Tom Johnson the catalysts who strengthened the pro-labor and liberal forces, so was Thomas Shearman the leader of those to whom the proposal spelled tax reduction as much as, and sometimes more than, land reform.

Although George himself from 1887 on used the term "single tax" freely, on the whole he had reason to regret having adopted the appellation. Henry George, Jr. wrote that his father "never regarded the term as describing his philosophy but rather as indicating the method he would take to apply it"; and Professor Charles Barker in his *Henry George* writes that George told an 1893 Chicago conference "the name itself is a misnomer."¹⁹

The deepest reason it is not a good name is not merely that it implies the abolition of all other taxes, when that is controversial as to feasibility or necessity. The objection to that can be met by simply conceding that some other taxes may be retained. The profound reason that the term is inappropriate

lies in the anti-tax emphasis it gave to what was in George's predominant intention a social-minded, anti-privilege reform.²⁰