

## HIJACKING THE SINGLE TAX

An organization called The Campaign for Canada: The Single Tax has been started by a Liberal member of Parliament, Dennis Mills. This organization seems to be well-funded, having taken out a full page advertisement in the *Globe & Mail*, September 24, 1990. Its objective is to kill the GST, Canada's name for the value-added-tax, replacing it with a flat-rate income tax which has much fewer exemptions than the present income tax. Below is an edited excerpt of a response sent by Craig Cringan of the Ontario School of Economic Science to Dennis Mills, the *Globe & Mail*, and Bob Rae, Ontario's newly-elected premier.

Ever since Henry George wrote *Progress & Poverty*, the real Single Tax has been not an income tax but a tax on land. Nature supplies resources for the sustenance of all living creatures, not for the enrichment of a few. Revenue from land rent and similar resources is the natural funding for community services of all sorts. When you tax anything except land, the tax discourages output of that thing, but the quantity of land is constant. Promoters of the flat income tax have made unsubstantiated claims of benefits versus the GST. Let's see how they compare against Adam Smith's four canons of taxation.

**Fairness:** We hear that some big companies are escaping income tax. You'd better believe it. This is supposed to make us more in favour of betting everything on an income tax to replace all the others? Come on now. Of all the tax reduction techniques used by the wealthy, beating income tax is probably the most effective.

"From each according to his means" -- Karl Marx. It seems to me that the Marxist concept of fairness misses the point completely. If one person works as hard as he or she can, working efficiently and creatively to produce whatever the market desires, and another person gets his or her income as a result of some privilege, then it seems to me that the earned income deserves better tax treatment than the unearned one. But that would be too much to ask of a government. Let's just settle for equal treatment and the tax which hits every kind of income equally, the retail sales tax or its cousin the GST. The Single Tax of Henry George, being a tax on land holdings, is one which attacks privileges directly. It doesn't hit all privileges; but the control of land is the father of all monopolies and is still the biggest one.

**Efficiency & Ease of Collection:** The trouble with most taxes is that they attack some activity in which government should have no part: government then has to stick its nose into private business. This is equally true for both sales taxes and income taxes. At least the transactions which trigger a sales tax are clear and easily defined. If you ask any two accountants to define net income, you can expect at least five answers. And you still won't know what net income really means.

Although the persons involved will know when a sales takes place, they have good reason for not wanting the tax collector to know. It takes some combination of fear and generosity to make them report the transaction. The addition of 6,000 more tax collectors for the GST, on top of the army of tax collectors for the manufacturer's sales tax and the retail sales tax, shows the gross inefficiency of sales taxes generally. Maybe the motive for this kind of tax is not for the net revenue involved: maybe the real reason is to establish a bureaucracy that can pry into every aspect of private life.

The real Single Tax, on the control of land, would not require additional tax collectors, except where existing assessors have fallen behind in their work and failed to reflect the increasing differentials in rental values in areas of high commercial activities. Land is visible and fixed in place, easy to see and easy to catch.

**Bear as lightly as possible upon production:** Production is a

*What would happen to the individual if all the functions of the body were placed under the control of the consciousness, and a man could forget to breathe, or miscalculate the amount of gastric juice needed by his stomach, or blunder as to what his kidneys should take from his blood, is what would happen to a nation in which all individual activities were directed by government.*

—Henry George, *Protection or Free Trade?*

chain of activities which begins with land and ends with retail sales. Each human activity is a link in the chain. Taxing any activity weakens that link and weakens the whole chain. Taxes are passed along to others in the chain by refusing to do business until suppliers and customers help take up the load. This cuts production [which is a human activity]. Land is different. Its quantity is fixed. A true land tax has to be based on the control of land, not on how well the land is being used. Then the dog-in-the-manger who keeps land idle will pay as much tax as if he or she were putting it to its best use. Land tax is the only tax which does not hurt production.

Everyone who wants the tax system to be fair, certain, efficient and easily collected should support the real Single Tax -- a tax on the control of land.

— Craig Cringan

## NORTH AMERICAN CONFERENCE TO BE HELD AT LAFAYETTE COLLEGE

Next year's Annual Georgist Conference sponsored by the Council of Georgist Organizations is planned for Friday evening June 14 through Monday evening June 17, with a Common Ground USA post-conference Tuesday morning June 18 through Thursday morning June 20. Venue for the conference is Lafayette College in Easton, Pennsylvania, due north of Philadelphia and west of New York City. Conferees will have a choice between staying on campus or in a nearby hotel in downtown Easton. CGO conferees are also invited to attend Lafayette College's own First Henry George Conference, June 13-14, which will feature scholarly papers on George's place in the history of economic theory. Further details will be announced in the next *Newsletter*.

## ADVANCED HENRY GEORGE

Sunday, November 18th is the date of a one-day seminar on "Advanced Henry George" for graduates of the Los Angeles school. In addition, statewide Directors of Common Ground in California are expected to attend. The seminar will be held at the home of Prof. Mason Gaffney in Riverside, from 11 AM until between 4 and 5 PM.

Frank Tilton will chair the seminar as well as present the case for free trade. Ted Gwartney, professional assessor, will do a presentation on the principles of land valuation. Harry Pollard will detail Georgist strategies for the environment, with Mason Gaffney as an expert respondent.

Harry was also the invited speaker for the September 4th meeting of the Albert Jay Nock Forum & Southern California Supper Club. His subject, one of his favorites, "Pop-Dread! How to Scare the Masses," was presented to a full house and got a friendly reception. The Nock Forum is kept going by a small group of individualists, such as Michael Greene, an associate of the LA school and a self-styled anarchist-Georgist (a description that fairly applied to Nock as well).

Final Friday dinners, the LA school's monthly get-togethers, have been put on hold since its regular venue, Michael's Restaurant in Hollywood, raised its prices. A suitable alternative is being looked for, and Harry hopes to have one in time for a Final Friday dinner this December.