

THE SINGLE TAX

By Single Tax is meant the abolition of all taxes save one on the value of land, irrespective of the value of the improvements in or on it. It is not a tax on real estate, for real estate includes improvements. Nor is it a tax on land, for not all land would be taxed, but only land having a value irrespective of its improvements, and that would be taxed in proportion to its value.

It 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 taxes save the tax on real estate, and 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 economic rent, or what is sometimes styled the "unearned increment of land values."

Following are the outstanding advantages to be derived from such a tax:

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. 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 cost.

2. It would enormously increase the production

of wealth 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 would be abolished are those that repress industry and lessen wealth. But if we tax land values, there will be no less land.

On the contrary, the taxation of land values has the effect of making land more easily available to 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 higher 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.

The taxation of the processes and products of labor on the 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 larger capital in all business, and consequently give an advantage to large capitals, and they give, ~~and in~~ 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 which do not represent any addition by the land owners to the general wealth of the community, but merely the appropriation by some of what the labor^{or}/others creates.

The taxes that would be abolished are those that fall most heavily on the poorer agricultural districts, and tend to drive population and wealth from them to the great cities. The increased land value tax would destroy that monopoly of land which is the great cause of that distribution of population which is crowding the people too closely together in some places and scattering them too far apart in other places. Families live on top of one another in cities because of the enormous speculative prices at which vacant lots are held.

HOUSING

Millions of people in America today are living below the plane of decency in squalid conditions which foster disease, threaten the health of the general public, and cause heavy expenditure of taxes.

Housing schemes without number have been heralded by the daily press but every agitation for slum reform dies down; the remedial statutes passed by legislatures turn out to be mere palliatives which have no effect on the central difficulty; and the few model apartments, erected here and there at heavy

expense, actually camouflage the general problem and conceal the fundamental obstacles in the way of better housing.

Under the present economic setup, slum clearance fails for the simple reason that it always runs afoul of an invisible barrier erected through the combined forces of inflated ground values and over taxation of improvements.

Before entering upon the erection of new tenements, it is proposed to buy housing sites and compensate the ground owners for values which arise from the very presence of society itself. And upon ground so acquired, it is proposed that houses of more sanitary design be constructed through the proceeds of bond issues or of taxation.

But the purchase of ground and the erection of new houses involve two distinct financial processes; and the government confuses the two operations by liquidating the cost through general taxation, or uniform series of bonds, in such a way that the underlying evil of land monopoly is totally concealed from view. Buying up the slum areas of the nation's large cities and erecting model dwellings thereon would more than double our present federal indebtedness and is therefore prohibitive. The resulting financial obligation might or might not be met, depending on the degree to which our floating and unstable wage groups found themselves able to make rental payments. But in the meantime a new burden of taxation to ^{carry} ~~carry~~ bond interest would be loaded upon the industry and property of America as a whole; and still worse, our entire land and fiscal policy, which is now rapidly bankrupting our city and state governments, would become still more pressing.

The slum question, then, is part and parcel of the larger, comprehensive economic problem. It cannot be dealt with as an isolated thing. The appalling facts brought out by federal information agencies foredoom to failure all federal housing schemes while the present tax system continues in operation.

Taxation must be transferred, in large part or in whole, from improvements, industrial machinery, and other forms of productive capital, and concentrated upon the value of both improved and vacant land in city and country throughout the nation. Thus would speculation in land be completely broken up; the monopoly cost of ground reduced; the tax penalty upon productive capital largely or wholly abolished; and the ground rent now drained into private pockets can be siphoned into the public treasury.

APPLICATION OF PROPOSED REMEDY

Sydney, Australia, a city of more than a million population, where improvements are tax-free and the entire municipal revenue is raised by the taxation of land values adopted this form of taxation 18 years ago. Since then they have had no real-estate booms with resultant slumps. The population of the city has grown in that time from 550,000 to 1,100,000. The number of factories has increased from 4,400 to 6,700. Population has moved out, with no overcrowding, into the suburbs where land had formerly been held for a rise. The vacant areas have been peopled and the houses have spread themselves out, because the inhabitants have not been held in

by a ring fence of monopoly prices for land. The growing population has got land cheaper than it otherwise would; and this has insured liberal space for each house, larger than was provided before the new system came into operation. The new system has also made it easy for local governing bodies to acquire land for parks and open spaces.

In Denmark houses are exempt up to 10,000 kroner (\$2,500) and as a medium-sized house may be built for \$3,500 the taxes are very low. People are encouraged therefore to build new homes. As in Sydney, families are moving to the outer districts where they have their own house and garden. The fact that land may be obtained in good locations, with exemption of taxes on buildings up to \$2,500 and a gradual lowering of taxes on buildings and improvements, putting them on land instead, has increased the activity in building at a tremendous rate. The average number of dwellings erected previous to the land value taxation law of 1926 (that is between 1921 and 1926) was 2,712. By 1929, the figures had reached over 4,000 - by 1931, 5,000 and in 1934 the new homes erected totalled 8,237 - or an increase of 74 per cent in eight and one-half years.

The land value tax in Denmark is not yet high enough to release all the valuable city property for use but we find that as compared with 1919 to 1926, in the City of Copenhagen an average of 22 tenements were demolished yearly, and that between 1926 and 1936, after land value taxation was instituted, this figure had increased to 296 annually.

Single Tax enclaves have been established in some places in the U.S. but since the people residing in them were still subject to all the taxes imposed by our present system, the results are too meagre to be used as illustrations.

However, contrasting Denmark and Sydney with our own country we find in New York, for example, that the home owner in Queens who builds a \$5000 house on a \$1000 lot pays six units of taxation - five on the house and one on the lot. In Manhattan where the general average is \$1 of improvements for \$1 of land value, owners of slums pay only two units of taxation - one on improvements and one on land. Thus is it possible to keep land from being used to its fullest through the low tax on land value and the imposition of taxes on improvements as soon as they are made.