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Has the Single Tax Made Progress?

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WHEN Henry George died in 1897 at the close of a dramatic campaign for mayor of Greater New York, it was felt by many that the progress of the cause to which he had given his life, and in the advocacy of which he was so impressive a personality, had suffered a serious interruption.

The years immediately succeeding must have seemed to justify such impression, for a period of inactivity followed, and the Single Tax ceased to be talked about as it had been in the lifetime of the author of *Progress and Poverty*. But the persistence of the agitation was nevertheless a fact, and its revival has kept it constantly if not prominently before large numbers of people in almost every country.

What is the essence of that teaching? It is that the rent of land, or land value, belongs to the people and should be taken by the taxing power in lieu of all taxation on improvements and other products of labor. What progress has been made in the carrying out of this principle in legislation?

DENMARK

Perhaps no event in the direction of the Single Tax has been more notable than the new law enacted by Denmark on August 4, 1922, taxing land values for national purposes at the rate of one and five-tenths mills. Heretofore there has been a tax on land and building, (the ordinary real estate tax) of one and one-tenth mills. Improvements worth less than ten thousand Kronen (about two thousand seven hundred dollars) are now exempt from this tax; while improvements in excess of that value are taxed only one and one-tenth mills, the same as before the new law. So the tax on the higher priced improve-

ments is now approximately only two-thirds of the rate that is levied on all land values.

Denmark is the first country in the world to apply a national land tax, and with its exemption feature this act is therefore the nearest approach made by any nation as a whole toward the Single Tax. The government which passed this bill for national taxation has announced its intention to enact legislation for local purposes in which similar discrimination will be made between land values and improvements.

It has been thought that the farmer constituted the greatest bulwark of defense against any proposal for the taxation of land values. But it is to be noted that Denmark is a country of small farmers, and that the greatest organized force working for this reform was the band of 120,000 small cultivators who have been demanding this legislation in their conventions since 1902. For twenty years the resolutions passed at these conventions have been a bold embodiment of the Single Tax philosophy, and on this they have based their demands.

Turning now to our own country, there is today perhaps in every state in the Union, and certainly in the greater number of them, a larger proportion of land values taken for public purposes than at any time in our history.

NEW YORK

Let us now take some of the states in which the more notable instances of progress may be indicated. Twenty years ago, during the administration of Mayor Low, real estate assessments in the city of New York were put on a full value basis and for the first time vacant lots were assessed for what they would bring, "as between a free buyer and a free seller." Later the tax department of the city had as its president the Hon. Lawson Purdy, and during his incumbency the tendency was to take an ever-increasing amount of land value through the strict and honest appraisal of the very valuable land of New York—the most valuable land in the world save London.

In September, 1920, confronted by the severe housing shortage, the lawmakers of Albany borrowed a leaf from the book of Single Tax and passed a permissive act by which new dwellings might be exempted from taxation for a period of ten years. New York City and six other cities of the state immediately availed themselves of the permission. Of course, there is little in common between the Single Taxer's proposal to take all the rent of land, or even as much of it as is needed for government expenses, and a measure which seeks to relieve the housing shortage by the exemption from taxation of new dwellings. Still, Single Taxers were encouraged by the practical recognition of so much of their teachings, and were glad to welcome an illustration in the great city of New York of the stimulus afforded to one great industry by decreasing the tax burdens.

Reports of the superintendents of the building bureaus shows that on June 30, 1922, there were under construction in the city of New York, 7,504 one-family houses, 6,366 two-family houses and 998 apartments to accommodate 23,791 families; a total of accommodations for about 40,000 families, capable of housing the entire population of a city the size of Atlanta or Omaha.

This year (1927) the city authorities voted to exempt for twenty years dwellings built by limited dividend companies under the state housing law.

PITTSBURGH AND SCRANTON

The cities of Pittsburgh and Scranton, Pa., started in 1913 with a ten per cent. reduction in the tax on buildings, gradually increasing this until the tax rate on buildings is now only one-half the rate on land values. Nor is there any tax on personal property or machinery in these two prosperous manufacturing cities. Attempts of land speculators to have the law altered have failed because its effect in encouraging industry is realized.

NORTH DAKOTA

North Dakota in 1917 provided for the assessment of land at thirty per cent. of its value, and improvements on farm land at five per cent. of their value,

which would result in such improvements paying only one-sixth of the tax paid by land of similar value. Cities were permitted to adopt a similar plan if they choose. In 1919, however, a new law was enacted providing that land, railroads and other utilities and business buildings should be assessed at one hundred per cent. of their actual value; buildings used for homes on city lots, live stock, personal property and farm machinery generally, to be assessed at fifty per cent. of value, while farm buildings and improvements are exempted entirely.

MINNESOTA

In other states there have been advances which have passed almost unnoticed by press or persons outside those states. Minnesota is a case in point. From 1881 to 1897 the valuable iron mines of that state paid nothing in taxes for local or state purposes. But in the latter year these lands were subjected to taxation by unanimous vote in the house, and only four negative votes in the senate, despite the efforts of a powerful lobby. Since then they have paid several millions for schools, roads, township, village, county and city improvements. In 1921 the legislature passed another bill that will give to the state an additional four million dollars—all land value, no tax on capital or mining operations, but just the land value in the ore.

CALIFORNIA

Mention should not be omitted of the method by which the maintenance and operation of the irrigation systems in California are paid for. The irrigation law of that state as originally adopted provided for the taxation of both land and improvements. But in 1909 the law was amended limiting assessments in all new irrigation districts to land values only and permitting the five irrigation districts then existing to adopt the new system by a majority vote of the resident land holders. Today more than 1,500,000 acres of California land located in the most fertile valleys and the richest section of the state, is operated under the Single Tax system. This is

so extensive an application of the principle of land value taxation and exemption of improvements (the Single Tax) that it deserves more attention than has been given to it.

CANADA

Crossing the border into Canada, we find that that country has made many important advances toward the Single Tax. In 1911 the city of Vancouver, British Columbia, abolished taxes on improvements. This was heralded far and wide as the Single Tax in operation. Of course it was not. The low taxes on land values still permitted speculation in land, and exemptions of improvements caused a building boom which further increased land values. The war called for additional revenue, and the Vancouver council then resorted to the taxation of improvements, though a partial exemption still continued.

The Vancouver experiment has been pointed to as a failure of the Single Tax in practice. But this is a superficial view of what was done. The building boom that resulted from the exemption of buildings was, in fact, a demonstration of the stimulus given to industry by the removal of tax burdens. Had there been any real knowledge of the effects of this mode of taxation, or any disposition based upon such knowledge to make an adequate trial of the system, the result would have been different. As it was, it left us with no available data on which to base conclusions.

But happily Canada did not need such evidence. The city of Edmonton had already made somewhat halting advances toward the same system; Victoria has abolished all taxation of improvements; the smaller cities of Alberta province, Medicine Hat, Alberta and Lethbridge, entirely exempt improvements and levy taxes for local purposes almost entirely on land values.

Municipalities in Manitoba obtain their revenues mainly from a tax on land values. In Winnipeg land is assessed at full value, and improvements at two-thirds value. The cost of its water supply, more than \$15,000,000, is made up by a special tax on land values.

In Alberta and Saskatchewan provinces the rural municipalities derive all revenues for local purposes from land values alone; the towns, cities and villages derive some revenue from improvements, but mainly from land values.

The principle of the Single Tax has been recognized in levying taxes for purely provincial purposes. Manitoba exempts farm stock and improvements; Saskatchewan levies an "unearned increment" tax; Alberta, in its first charter, provided for a general tax on land values to the exclusion of improvements, but modified by business and income taxes. These last have been abandoned, leaving the land tax to provide the necessary provincial revenues.

When the war came, and new sources of revenue seemed to be needed, there were instances of the return to the taxation of improvements. But these were not many or important. And in no case was the full assessment of improvements restored. That system is dead in Canada. The whole course of her legislation is heading toward the complete liberation of industry, and Single Taxers of the Dominion believe that the goal to which they are traveling is almost within hailing.

AUSTRALIA

Looking toward Australia for examples of Single Tax progress, we find Sydney, with a population of 800,000, and called "the New York of Australia," comes first in importance. This city wholly exempts improvements, nor is there any tax on personal property.

In Queensland since 1902 the policy of land value "rating" has been in full operation; in South Australia in sixteen municipalities for about ten years; and in Victoria it has been adopted by fifteen councils since permission was given in 1919.

CANBERRA

Canberra, the new Federal capital of Australia, is administered on Single Tax lines. This land is owned by the government and will not be sold. Sites are auctioned to the highest bidder at an annual rental for a twenty year period, after which the sites are

subject to a ten year periodical re-appraisal. To avoid idle land speculation building operations must be begun within twelve months of the leasing and completed within another twelve months. If further local revenue is required it must be raised by a tax on land values only.

NEW ZEALAND

In its local taxation, however, New Zealand has made the greatest strides toward the Single Tax. More than 167 local authorities "rate", as they say, on land values. The capital city, Wellington, has raised its general city revenue from land values only since 1901, and voted this year (1927) to raise also certain special revenues in the same way.

The movement in New Zealand received its early impetus from Sir George Grey, second governor of New Zealand and one of the most remarkable men of the century. Sir George was deeply impressed on reading "Progress and Poverty," and he fathered legislation designed to prevent land speculation. Succeding administrations repealed much of this. Graduated land taxes intended to break up the great estates were only partially effective, since "dummy holders" were easily substituted.

ARGENTINA

The Argentine is one of the few countries where the Socialist leaders accept the Single Tax as the basic reform, the settlement of which is regarded as a prior condition to the development of any plans for a re-organized society.

In the province of Cordoba, in the Argentine, the bulk of the state revenue is collected from a land value tax. For many years the "real property tax" in Uruguay outside of Montevideo and other municipalities, has been levied on land values exclusively. In Montevideo an admirable system of property valuation exists under which land values and improvement values are kept distinct. Under the late government a bill was brought in with official support exempting improvements entirely. The present

president is credited with the intention to revive this proposal.

BRAZIL

The state of Rio Grande do Sul, Brazil, claims to have been the first instance of the municipal Single Tax in operation in South America. Exemption of improvements exists in the city of Garibaldi, in that state.

The state government of Sao Paulo, Brazil, has initiated at the request of the Sao Paulo Agricultural Society, the study of the methods of assessment and taxation of land values in Uruguay, with a view of adopting measures necessary for the shifting of taxes from improvements to land values exclusively. The president of the state of Sao Paulo is a Single Taxer.

TRANSVAAL

In the Transvaal, in South Africa, land value taxation has prevailed in most localities since 1916.

GERMANY

It should be noted that the new constitution of the German republic declares that "All the increase in land values not due to the expenditure of capital and labor must be used for communal benefits." This clause, going beyond a merely permissive declaration, is the first instance of such a statement in the organic law of any nation. No step has yet been taken to make this declaration operative.

I have purposely made this article a record of achievement. The time when the entire rental value of land will be taken for public purposes may be yet a long way ahead, but events are crowding one another and nearly every country in the world is making some favorable gesture toward the principle.

Land and Freedom, a 32-page Bi-Monthly record of Single Tax Progress. Edited by Joseph Dana Miller, 150 Nassau Street, New York City. Subscription, \$2.00 a year. Sample copy free.