

Justice and His Neighbor: The Single Tax Exposed

"JUSTICE, my friends tell me that you are a regular battle-axe or that theory, called the "Single Tax." They tell me that you propose to confiscate my property or to state it in plainer English, to rob me of my home. I have always considered you an honorable man and thought possibly you were misunderstood by our neighbors and friends."

"Neighbor, I thank you for your kind opinion of me, and take it for granted that your curiosity has been aroused and that you would like to get real facts about the "Single Tax," and I am also taking it for granted that your mind is free of prejudice and open to conviction."

"Yes, friend Justice, I plead guilty to all of that."

"Neighbor, I passed by your home a few days ago and could not help but admire your bungalow and its pretty surroundings. I noticed that there was a similar bungalow several lots south of yours and adjoining yours a vacant lot. Both properties were for sale. Making inquiry I was informed that the vacant lot was valued at \$1,000.00 the improved lot with bungalow, \$10,000.00. Your neighbors informed me that those prices were fair as measured by the value of adjoining property. So I judge your property to be of the same value; of which I will speak later. Now, Neighbor, you consider yourself a tax-payer and you are correct in your assumption, but I dare say that previous to buying your home, you never considered yourself one."

"Yes, Justice, that is a fact. I only thought that I was a tax-payer "limited" and that was when I paid my income tax."

"Neighbor, all of these years you have been paying taxes on what you consume—clothing, food, luxuries, amusements, the tax on the flat that you formerly lived in; in fact, you were paying a multitude of them, but you were unaware of the nature of the burden that you were carrying and staggering under."

"The taxes that you have paid, have been included in the price of the different services you received and are called indirect taxes. An indirect tax is a system of plucking feathers out of a goose with the least squaking."

"Well, Justice, that is interesting, but how does the "Single Tax" affect my house and lot?"

"Not so hasty, Neighbor; I will answer that in due time."

"You know that we live in a community that receives many social services; that is, public schools, libraries, parks, police and fire protection, paved streets, etc. They must be paid for. That is why we levy taxes. You can pay for social service by taxing private service (labor) or by taxing 'privilege' or both. But the 'Single Taxer' objects to taxing private services and maintains that the State should levy a tax on land values only; the holding

of land being considered a privilege; the possession of a natural monopoly; a land site with its economic, social and civic advantages."

"Then, Justice, if I understand you correctly, all taxes are removed from labor products and services, and are levied on privilege alone?"

"Yes, you understand me correctly."

"Then, you will not levy a tax on my bungalow, but only on the value of my lot, as you consider my possession of it a special privilege. On some future occasion, I would like to discuss that question, but just now I want an illustration of an application of the "Single Tax" as to how it would effect me."

"Neighbor, your property is valued at \$10,000.00 and is assessed at one-half of its full value and a tax of 6 per cent. (the basic tax rate for Cook County, Illinois, for 1923 was 7.34% on one-half its full value, which is estimated to be one-half its real value) is levied on it if the assessor does his duty as prescribed by law. Therefore, your tax bill would amount to \$300.00—a nice tidy sum for you to pay for social service. But I am going to take it for granted that the assessor is what we call "a good fellow;" one re-elected and he reduces your assessment one-half, and as a result, you only pay \$150.00 and consider yourself unfortunate at that."

"Yes, Justice, that is true."

"Now, Neighbor, what the Single-Taxer proposes is that your bungalow worth \$9,000.00 be exempted from taxation and that a tax of approximately five per cent. be levied on the real value of your lot; five per cent. being about the rate of interest demanded on land investments."

"But, Justice, my lot is worth only \$1,000.00 and according to your statement, I would pay only \$50.00 a year; whereas, I now pay \$150.00 for taxes on my property."

"Yes, you would save \$100.00 a year by the "Single Tax" method of getting revenue to defray the expenses of government and your neighbor would have to pay the same amount on that vacant lot adjoining yours, although now he pays much less."

"By heck, Justice, he could not sell his lot then, as the tax would consume the entire rent of interest on his investment."

"Right you are, Neighbor, but he could or would use it; or if not, someone else, willing to pay the State the "Single Tax" or rental value, if you prefer to call it that, could do so."

"But, Justice, don't I lose the \$1,000.00 that I invested in my lot?"

"Neighbor, I don't want to disappoint you; *you do* but *get it back* many fold in not paying taxes on your necessities, amusements, luxuries and income, not to mention an inheritance tax. And let me remind you that you will be saving \$100.00 a year by the reduction of tax on your home. In ten years, you will have saved \$1,000.00 and that will compensate you for your original investment."

"Now, one more word. Figure out how much more you will save by the abolition of all other taxes. A conservative estimate is that ten per cent. of all our expenditures can be charged to our present system of taxation. You will readily realize that you will not have to wait ten years to get back your thousand dollars, because five years or less will do the trick.

"Justice, you have done me a great favor by your clever exposition of the "Single Tax." I see the "light." What dumbbells we tax-payers are. Me for the "Single Tax."

—ALEX PERNOD.

Fortunes In Slums

NO problem affects so much the homes and the people of this country as does the Land question. At first glance it seems to have nothing to do with the average individual, yet it regulates the rent of his house, his railway fare, even his food! It strikes to the very heart of our existence.

Possession means power; and, as the land-owning class is only a comparatively small one it means that a monopoly of power over the many is held by the few. This power must be transferred from the landlord to some communal tribunal, if only to provide that the wealth which the tenant has invested and created in the land which he has leased shall remain his and not be grabbed by the ground landlord at the end of 99 or 999 or any other odd number of years.

Those who feel constrained to defend the land-owning class will say—and have said—that the tenant is a free-will agent: he has "freedom of contract;" he is not compelled to obtain the lease of the land if he prefers not to. Such an argument is as insincere as it is fallacious. There can be no real "freedom of contract" when one person is in the position to withhold that which numbers of other people must have.

It is only force of bitterly adverse circumstances that causes a man to sign the ordinary building lease contract under which he pays rent for the right to build a house which can never be his own, but which must inevitably become the property of the landlord who spends no money either on building the house or on compensating the poor devil who has built it.

In considering taxation one discovers that land steadily increases in value to the owner by factors to which he contributes nothing. The value of landed property, whether it be a farm or a house or a factory, is made up of its natural qualities (soil, contour, climate, etc.), and its position in relation to a town, transport facilities, social amenities, etc.

None of these is due to the efforts of the landowner: *the value of his land is due partly to the efforts and partly to the needs of the community.*

Let us take a hypothetical district of 10,000 acres which we call Desertown. Its value is £20 per acre until medical

skill discovers and publishes the fact that its sea-breezes have a peculiar charm for the cure of some dread disease.

In a year or two the district—now named Thymelia-on-Sea—becomes a select spa by virtue of the healthful climate and ozone-laden breezes. *But now the land is sold at £300 an acre!*

Or take another equally imaginary and equal typical town. It is blessed with a Town Council whose motto is "Progress with Economy." Because of the Council's clear-sighted policy the value of the landed property in the district goes up by leaps and bounds: its industries expand, land is wanted for new factories and railways.

Five years ago the fields on the outskirts of the town became the property of Mrs. Blank for £50 an acre, or were inherited by Lord Noodle for nothing at all. Now that they are urgently needed for houses the price is £500 an acre.

In both these cases—fiction founded on fact—the land has gone up in value through no efforts of the landlord. These increases of value, then, should never be allowed to drift into private hands and pockets. The natural qualities of Thymelia-on-Sea and the cultivated qualities of the other town belong to the community.

When we consider taxation, local and imperial, we find further evidence of dubious dealings. The land at Thymelia-on-Sea, waiting to be sold for £300 an acre, is rated at its grazing value, the equivalent of £20 an acre. It has two values: the selling value and the taxable value.

My contention is that land worth £300 an acre to sell to a man who wants to start a convalescent home is worth £500 or the equivalent rental in assessable value when the local Council wants to rate or tax it. Alternatively: if the land is valued at the equivalent of £20 an acre for rateable purposes, its value is £20 an acre when the Council or anyone else wants to build houses for people in which to live. If the landowner adheres to his claim of £300 an acre *he must be taxed on that valuation.*

On the other hand, there is another element of landed property that increases its value to the landowner. This arises from civilization—houses, etc.—and has been created, not as a rule by the landlord, but by the tenants and occupiers. This value is taxed and rated on an entirely foolish and absurd basis. Not merely is the income derived from the use of these improvements taxed, but the actual improvements also.

Such an imposition is plainly a tax on production. And the effect is to discourage house-building and to hamper industrial development.

It would ill become me to indicate evils if I failed to offer effective remedies. And the whole problem of land is capable of solution; this becomes more apparent when it is borne in mind that our antiquated land system penalizes those who improve the value of land by the erection of houses, etc.

My reform is aimed at the encouragement of such im-