

A Single Tax — The Taxpayer's Dream

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THE substitution of one tax for innumerable taxes has long been the dream of producers, and the unfulfilled promise of governments who, instead of simplifying taxes and reducing their number, have multiplied and complicated them. The point has been reached at which the cost of declaration, certification, control, recourse and sanctions outweigh the relative returns.

Common sense would suggest that all taxes, the expense in collection of which is greater than their gains, ought to be abolished. The state would then be relieved of the infinite bureaucratic expenses that go to maintaining an anti-economic personnel, while industry and exchange would be freed of enormous burdens, resulting in a corresponding reduction in the cost of living.

But common sense is not a factor in matters bureaucratic. The bureaucratic state, instead of reducing, streamlining and simplifying expenses, augments them—and to meet the consequent new government obligations it levies new taxes. These, in turn, serve principally to pay those who collect them, thereby giving incentive to still more taxes, and to that dreaded inflation for the avoidance of which heavy sacrifices are imposed, accompanied by credit restrictions that result in the anemia of industry and labor.

We do not intend, here, to probe to the heart of the crisis that is developing among anti-inflationary economic thinkers, whose theories lead, ironically, to said dreaded inflation. No, we wish to present the economic doctrine called "Georgist," proposed by the great American Economist, Henry George. A sketch of his biography, entitled "The Prophet of San Francisco," was recently broadcast by the R.A.I. of Rome, and his doctrine which resounded throughout the world at the close of the 19th century, was briefly outlined. *Progress and Poverty* published in 1879 was the most widely circulated of the numerous volumes by this economist, and it was a veritable sensation, causing a turmoil of international discussion.

The phenomenon that most deeply impressed Henry George was the constant recurrence of increasing wealth side by side with chronic, extreme poverty. In spite of the phenomenal progress which civilization has made since the time of the first edition of his famous book this paradox still exists. Even admitting the social gains of laborers, their enjoyment of a standard of living more convenient and comfortable than that of a century ago when electric lighting, the radio, and rapid transit were still unknown, the progress of the working man has not kept pace with production. Poverty as the boon companion of opulence remains inexorable, and a greater menace than ever.

The fear of social revolts and of war has its origin in that phenomenon, inherent in progress itself as we know it, of which George discovered the cause. He made it the subject matter of the doctrine which bears his name and revealed its practical remedy.

The idea has been caught up by more or less seditious Socialist parties, and has started fundamental reforms which still constitute the basic program of various existing parties: agrarian,

taxation reforms, etc. In many countries, moreover, such as Denmark, New Zealand, Australia, et al., political parties have been founded upon this doctrine, and in these as well as in some North American states the Georgist principles have been partially applied, with palpably beneficent results.

The origin of all economic distress, according to Henry George, may be traced back to the source of all monopolies, *land*, the primary *good*, the supply of which is limited.

Why does the value of land increase with the growth of population? It is obvious that city land costs more than land in outlying districts; that it is more valuable in great cities than in small ones; that where population increases with accelerated rhythm, as in immigration centers, land values are greater than in places which are being depopulated by emigration, or by lack of facilities for manufacture and exchange.

Is it due to any merit of the proprietor that the value of his land skyrockets? Most certainly not. It is due solely to the presence of the people who come to inhabit it and cause its value to increase by competing with one another for the privilege of its use, i.e., more people, more competition, more value. Now if these people want to cultivate a piece of land wherewith to provide themselves with the ever-increasing and more costly necessities of life, or if they prefer to start an industry, they have first to satisfy the demands of the landlord.

Henry George stressed the distinction between the improvements made on or from the land by man, and the free gifts of Nature which in themselves have no value whatever. Thus a purely *social* value is *created*, natural—even providential—no individual has a right to call it his own. Were rent collected by and for the community, as Nature's own provision for necessary public revenue, rent would emerge in its true light as a blessing and not as an imposition. The man who paid rent for the privilege of using land would be giving service for service (in freedom from taxes, and in public benefits) — value for value. When an individual usurps this value, however, and claims the right to collect rent for what belongs only to society, the reciprocity of the above relationship ceases, and the landlord has power to extort service without giving any.

While Socialists and Communists resort to the revolutionary remedy of nationalizing the land and all other means of production, George, who wished to avoid alarming productive proprietors with anything revolutionary, conceived of a tax on ground rent, which cannot be shifted to tenants or commodities, as is the case with a vast number of other taxes. Henry George advocated only the gradual application of his remedy by a very simple device, to wit: reduce periodically the taxes on buildings and improvements by a certain percentage, and increase the taxation of land values by the same percentage, until ultimately, without pain or upheaval, the latter would amount to 100 per cent of the rental value of the land.

This in synthetic summary is the essence of the doctrine that has aroused malicious criticism on the one hand, and storms of enthusiasm on the other.