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THE SINGLE TAX

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It is hardly an exaggeration to say that twenty-five years ago the term "single taxer" was as odious and terrifying in the rich States of the North Atlantic seaboard as the term "abolitionist" was fifty years ago in the States of the South Atlantic seaboard. The term "single tax" was invented by Thomas G. Shearman, a distinguished New York lawyer, who was an eminent authority on taxation. Henry George adopted it to describe the method devised by him of taxing land values so that the unearned increment, as he called it, shall go to the community which creates it and not merely to the individuals who now reap the benefit.

The single tax theory was first propounded by Mr. George in 1871 in a book called "Our Land Policy," but it received its most famous exposition in "Progress and Poverty," which Mr. George published in 1879. In 1882 Mr. George stumped Ireland, and again in 1884 he made a three months' tour throughout Great Britain, speaking in the principal cities to large audiences and making a strong impression. In 1890 he spent nine months in a trip to Australia and a tour around the world.

What has been the progress of Mr. George's taxation doctrine during the thirty-four years since the publication of "Progress and Poverty"?

This question is worth answering because interest in the problem of land taxes is steadily growing. In even so conservative a State as New York, a State in which the landowning interests are strong and influential, there is a definite movement in favor of increasing the taxes on land and decreasing them proportionately on improvements. In New Jersey also, a rich and conservative State, the mother of corporations, the two prominent candidates for the Governorship within the Progressive party are both appealing for support on the ground that they advocate the taking of the burden of taxation from improvements and transferring it to land values.

Before we endeavor to answer this question it must be pointed out that there is a very widespread error in the public mind regarding the single tax. Many people, perhaps most people who have not looked into the matter, consider that the single tax means the abolition of private property in land. To impose a single tax on land values or ground rent means nothing of the kind, although it is true that Henry George did not believe in private monopoly of land as at present existing and proposed to use the single tax as a method of abolishing it.

It is obvious that ground rent or the unearned increment can be taxed at any rate per cent chosen by the taxing authority. Of course, if the State takes twenty, fifty, or ninety per cent, the individual has only the balance. Mr. Fillebrown, in Massachusetts, and Messrs. Colby and Osborne, the gubernatorial candidates in New Jersey, believe that the single tax can be applied to real estate values in the cities of Boston and Newark in such a way as practically to take taxation entirely from improvements, thus fostering and developing improvements, and yet leaving a reasonable share of the increasing ground rent or land value or unearned increment to the private owners.

We believe it will surprise some of our readers, as it has surprised us, to learn what the progress of the single tax has been in the various parts of the world in the last few years. We are enabled to give this record through information collected, condensed, and arranged by Mr. C. B. Fillebrown, one of the best-known and best-informed authorities on the so-called single tax.

Great Britain has been the last to move, and her first step was comparatively a short one. The Lloyd George Budget of 1909, which finally became a law in 1910, imposed four different taxes upon land, the first and most important of which was the so-called increment value duty. This imposes a tax of 20 per cent upon land increment arising after 1909, payable by the owner when land is sold, leased for more than fourteen years, or transferred at death. Land held by corporate bodies and not changing hands is to pay the tax every fifteen years. To carry the law into effect it was necessary, of course, to provide for a complete appraisal of all the land in Great Britain, in order to determine its value, exclusive of improvements, in the year 1909. This work, which is estimated to cost \$10,000,000 and to require five years, is now under way, and it will result in a monumental survey comparable to Domesday Book.

In the *German Empire* the first of the recent experiments in taxing the increment of land was made in the model German colony of Kiaochau, established in China in 1897. The land and tax ordinance of 1898 imposed a tax of 33.3% of any increment of value accruing thereafter to private purchasers of lands acquired from the Government, a tax of 6% on the value of land, exclusive of improvements, and a tax on land sales at auction. This ordinance suddenly and unexpectedly realized the German land reformers' programme in a German colony under the direct control of the Imperial Government. It naturally aroused great interest, and soon led to attempts to tax the unearned increment in various German cities. Frankfort and Cologne took the lead, in 1904 and 1905. Their example was rapidly followed by scores of other municipalities, including most of the large cities, until by 1910 the increment tax was in operation in 457 cities and towns and was yielding a substantial revenue. The rates of taxation ranged from 1% to 25% of the amount of the increment.

In 1911 the German Empire introduced an Imperial increment tax. This law imposes a progressive tax, increasing according to the percentage which the increment bears to the original value of the land. The rate is 10% of the increment when that amounts to 10% of the original value, and increases 1% for each additional 20% of increment until it reaches 19% on increments ranging from 170% to 190%. From that point it increases 1% for every additional 10% of increment, until it reaches 30% on all increments of 290% and over, with provision for certain deductions. The Imperial tax is intended to unify the taxation of the unearned increment throughout the Empire, and will replace the local increment taxes. To compensate the cities for the revenue thus lost, the law provides that 40% of the product of the Imperial increment tax shall be apportioned to the local governments; while the states are given 10%, and the Empire retains 50%. Authority is granted, however, to impose additional rates for local purposes; so that some measure of local option is retained.

In *Australia* Queensland has already adopted the exemption of all improvements, and New South Wales, South Australia, and every other state, as well as the Federal Government, are moving steadily in the same direction.

New Zealand has had a graduated state land tax since 1891, which has already to a great extent accomplished its purpose of breaking up large estates. In 1896 local

bodies were empowered to levy their rates on the unimproved value of land. By 1909 not less than 85 districts had adopted the method, with satisfactory results.

Of the nine *Canadian* provinces three have taken important steps toward the single tax. In *British Columbia* provincial revenue is still derived from poll, property, and income taxes, but since 1891 municipalities have been permitted to exempt improvements from taxation in part or in whole. Since 1892, indeed, municipalities have not been permitted to assess improvements at more than 50% of their actual value. Under the authority thus granted all the important urban and many rural municipalities now exempt improvements entirely, thus raising practically all local revenue from land. The Government, through its Finance Minister, the Hon. Price Ellison, now formally announces its purpose to adopt the single tax for all provincial revenues. He says: "Our aim is to reach a point where direct taxation will be eliminated and our revenues will be obtained from the natural resources of the province. This I regard as a sound policy."

In the *Province of Alberta* there were established in 1912 52 municipalities, which are required to levy their taxes on land values only. The same is true of 74 villages, also of 44 out of 46 towns. In 1912 the province enacted laws, practically without opposition, requiring, with two exceptions, all towns, all rural municipalities, and all villages to raise their local revenues from taxes assessed upon land according to its actual cash value. The five cities of Alberta have special charters granting wide discretion. Edmonton has exempted all improvements since 1904, and the others are following suit.

In *Saskatchewan* about 20 villages confine taxation to land alone. This province has just passed a new act requiring all rural municipalities to raise their revenue from taxation of land values exclusively, and imposing a graduated surtax, beginning in 1914, upon unoccupied lands. Its main feature is the imposition of a tax of \$40 per section of 640 acres upon land of any owner or occupant exceeding 640 acres which has less than one-half of its area under cultivation.

In *Ontario* 300 municipalities have petitioned for power to reduce taxes on improvements. By 23 to one the Toronto City Council, in January, 1913, submitted to the citizens the question of exempting buildings, whereupon the citizens voted in the affirmative four to one.

In contrast with these gradual, patient British and Colonial attainments, the record of the United States for actual achievement is a comparative blank. This condition in the birthplace and home of the great expounder himself is not easy to account for.

The chief factor in the practical attitude of the two nations is the difference between the English and the American methods of procedure. In England the voters begin at once to discuss among themselves and within themselves the advantages of the land tax, and straightway, by the very cohesion of a common thought, they set about to get it, with, as it were, one heart and voice, by enactment of land laws. In this country the voters are of a different type ; they are mostly too busy to concern themselves with making even their own laws. Consequently the cause has been consigned to scattered organizations, which have proceeded to discuss the theoretical possibilities and impossibilities and probabilities of every phase of the Land Tax question, combined with other questions more or less related, to the end of the catalogue.

The moral is that education and not partisan propaganda is the surest path to the triumph of that economic justice which alone can solve our economic problems.