

Determining Land Values

By JOSEPH R. CARROLL

UNDER the Single Tax, it is often said, the selling price of land will tend to disappear. In the absence of this market price, which now serves for guidance in this field, how will the public authorities determine the share of taxation to be borne by each respective land owner? This question arises in the minds of all students of Georgeism who pursue the subject very far. It is difficult to find satisfactory information on this point in our literature. It should be recalled, in this connection, that, in speaking of taxation on account of land values, Henry George meant values with respect to time, or annual land values; not the capitalized, selling-price values which are used as the basis of such land value taxation as we now have. The annual value of land, unlike its selling price, will not tend to be extinguished by taxation.

Basically, this problem of what would have to be done in the assumed absence of selling-price values, is only one of several which exist because of underestimation of the scope of the Single Tax proposal. The Single Tax is a proposal to solve the economic problem of land by means of a solution that is primarily political rather than economic. It is primarily in the political rather than the economic field that society is breaking down. The land problem exists only because of the failure of political government to function normally. The great and growing disorder which civilization must cure if it is to continue, is the problem of stateism, of which land monopoly is an outgrowth. Basically, it is the question of the survival of the individual under the destructive force of the political power of the mass; a power exerted by the mass through its instrumentality, the state. The most far-reaching proposal ever made for curbing this destructive force, returning government to its proper channels, and thereby enabling the social organism to function naturally, is the Single Tax.

In the words of Woodrow Wilson, "The history of freedom is the history of limitation of governmental powers." It might be added that the history of despotism and decay is the history of increase of governmental power and activity.

Man's greatest advance toward freedom within historic times occurred in the establishment of the American constitutional system of society, with its stern restrictions upon governmental powers. The consequent release of individual powers into individual expression produced the greatest development of general well-being ever recorded so far. Even the American founders, however, did not go far enough in the direction of liberty. They left with government a weapon by means of which it eventually will be able, and is now proceeding, to nullify their work and establish old world economic and social conditions on this continent. This is the privilege, ex-

ercised by government everywhere, of taking from the individual, for public use, large amounts of the economic power that rightfully are his because of labor he has performed and labor products he has furnished.

Henry George's proposal provided that government be deprived of this privilege, and, in the matter of normal taxation, be left with permission to tax only such persons as owned land, and to tax these only to the extent that their lands had value from location with respect to population. Strictly in the spirit of American constitutionalism, this reform would, we claim, enable us to reduce the area of coercion and increase that of individual freedom and initiative to an unprecedented extent, and thus bring about a great new advance in material and moral well-being.

The bearing of all this upon the question of just distribution of the tax burden upon respective land owners, is in the fact that the authorities would be prohibited from taxing persons other than with respect to annual land values, perhaps almost as effectively as the thirteenth amendment has prohibited them from countenancing chattel slavery. The land owner, not being taxable for more than 100 per cent of his location value, could no doubt be counted upon to defend his rights if this limit should appear to have been passed. Perfection being humanly impossible, attempts to obtain contributions of just 100 per cent would be found impracticable. Therefore, annual contributions from land owners probably would be somewhat less than 100 per cent of annual values. It is significant that Henry George suggested around 95 per cent.

This would mean that the selling price of useful land, after all, would never quite disappear. And the small remnant which would survive would serve as a proper and sufficient guide for the authorities in their work of justly allocating the tax load amongst the owners of advantageously situated lands. Any tendency of market prices of land to disappear would serve as a warning that taxation was approaching too near to the legal limit; and, similarly, any tendency of selling prices to reach substantial amounts would indicate inadequate assessments, and would suggest the probability that improved public services could be afforded. In either case, the remedy would be obvious.

The public authorities would find themselves between two perhaps somewhat vigilant groups. On the one side would be the property owners, armed with the legislation limiting their contributions to 100 per cent of economic rent. On the other would be the public, solicitous for improved public services and, presumably, aware of the basis of its right to them, and more enlightened than now as to the significance of changes in land prices, as such changes would be revealed from time to time in the real estate market. It seems not unlikely that the resultant of these two opposing influences would be annual assessments tending persistently to amount to no more, and to not much less, than annual economic rent.