

SINGLE TAX

What It Is!

AN ESSAY
ON THE SUBJECT OF
SCIENTIFIC AND ETHICAL
TAXATION



BY

S. H. HANSON

Scientific and Ethical Taxation

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In any well regulated system of society it becomes necessary to raise or to collect revenue in order to maintain the various governmental agencies. Since it is absolutely necessary for society to raise certain sums for the purpose of defraying the various legitimate expenses connected with the maintenance of the governmental agencies, it becomes not only the right and privilege but it becomes the duty of every citizen to try to inform himself so that he may use his influence intelligently to the end that those taxes which society find it necessary to impose or levy, shall be a fair and a just tax upon whom it may fall, and that it be based upon scientifically sound economic principles.

The subject of taxation is, or at least it should be, a scientific proposition. Our present system of taxation instead of being based upon scientifically sound economic principles, is absolutely economically unsound. In fact, it is entirely too corrupt a system for a sane or an intelligent people to tolerate. There should be no great difficulty in placing our tax system on a scientifically sound economic basis. It is a fact (though the fact is not generally recognized) economic principles are just as exact and unchangeable as are those of mathematics and mechanics. For every effect there must be a cause. If we search for it thoughtfully, with open minds, the cause of a great deal of our economic ills will not be hard to find.

ANY TAX WHICH SOCIETY

MAY ATTEMPT TO LEVY, TO BE ECONOMICALLY SOUND, MUST BE BASED UPON THE PRINCIPLE THAT IT FALLS ON THOSE WHO RECEIVE FROM SOCIETY A VALUABLE BENEFIT, AND UPON THEM ONLY IN PROPORTION TO THE BENEFITS THEY RECEIVE.

Any other tax is an unjust tax. The United States Supreme Court has stated that an "unjust" tax is larceny in the form of law.

If the only fair, just and economically sound system of taxation is a tax that must be based upon the principle that it falls only on those who receive from society a valuable benefit, and upon them only in proportion to the benefits they receive, and if any other tax is unjust, then there remains only one source of revenue that can become the basis of a fair just and sound tax system, and that is a tax on land, exclusive of any improvements that man may have placed upon land.

In the first place, land is a product of that great force which created the universe. It does not include anything made by man. Land is a free gift of nature, not to particular men, but to mankind. Therefore, there should be no question as to society having a joint interest in all of the original value land may have had. Any increase in the value of land, over and above its original value is a social product created principally by society through its activities, industries and expenditures. Thus, it should be self evident that any value that

land may have, rightfully belongs to the public or society. Land value is, therefore, a social product and is based upon what land is worth for use and what it would command in the open market. What land is worth for use per year or per annum would naturally be the basis upon which a value would be made for tax purposes.

Land in reality, actually belongs to all the people. Therefore, in reality, the government (the people) is the absolute owner of all of the land. This fact is recognized by the present social order, but in a defective way. Instead of securing to occupants of land exclusive possession and control as a privilege for use so long as they account for its full value to the community which caused the value, governments allow perpetual private possession or control as a right without requiring an accounting for its full value to the community which created the value. It is in this governmental violation of natural laws that causes one of the major defects in our present social order.

The Single Tax proposal contemplates no such economic absurdity as turning all land into a public common as advocated by Communism. What it does propose is that where private possession and control is desired that it should be permitted subject only to the payment of equitable taxes on the market value of the privilege. Such taxes to take place of other revenue taxes. However, those who advocate the Single Tax theory realize that once the Single Tax theory become the economic order of the day, that there will be very little demand on the part of individuals to want to possess and control land for other purposes than for private homes, private hobbies or similar private uses.

LAND IS THE SOURCE OF ALL WEALTH. The moral sense of all people should recognize this statement as a self evident truth. Therefore, if land is the source of all wealth, it should be obvious then, that land should be the source of all taxes. A tax upon land values is the most just and the fairest of all taxes, because it falls only upon those who receive from society a valuable benefit and upon them only in proportion to the benefits they receive.

There should, of course, be a separate classification of land and of any improvements that man may place upon land for the purpose of taxation because there is a vast difference existing between land and the improvements that man may place upon land.

Land does not include anything made by man. The improvements placed upon land includes only that which has been made by man. Land is a source. The improvement is a product. Land continually increases in value by the growth of society. The improvements upon land are continually decreasing in value from the time they are placed upon the land. The value of land is determined by demand only, because it is a fixed quantity. The value of the improvements upon land is determined by supply and demand because they can be increased by man at will. And last, but not least, the value of land is created principally by society while the improvements upon land is created by individuals.

Men should hold forever sacred the ideal that it is one of the fundamental duties of society to protect people in the possession of and in the enjoyment of the result of the full value of their own labor, and that for any benefits that society may give to people, said people should be required to re-

turn to society a value equal to the benefits that they receive. Therefore, society has no right to levy a tax upon a person's work or upon the result of an individual's work. Whenever society levies a tax on the improvements on land (it makes no difference whether the improvements are made by an individual or whether the improvements are made collectively) society robs the individual of a portion of his labor.

There will be and there should be some charges made by the government on the improvements of land. This is as it should be. However, these charges will not be taxes, because these charges will be for special services rendered to the improvements on land and to other personal property such as clothing, furniture, jewelry, etc.

Society would continue to operate various governmental agencies for rendering service to the people. Police departments would be maintained in order to give protection, not only to people, but also to protect the improvements on land and other personal property from vandalism, pilfering, and looting, etc. Fire depts. would be maintained as they are under our present system in order to protect not only life, but also to protect the improvements on land and other personal property from being damaged or destroyed by fire, etc. The charges made by society on the improvements on land and any other personal property would be only for the proportional part of the cost of maintaining these special services. If these governmental departments are efficiently operated, the charges made by the government for these special services should be so small that it would be very seldom that anyone would be found to be complaining or objecting to these special service charges. It should also be noted

that these special service charges would be based on natural laws. The natural law being that the Charges are based upon the principle that they fall only on those who receive from society a valuable benefit, and upon them only in proportion to the benefits they receive.

If the primary source of revenue for the support of and for the operation of the various governmental agencies or units of government is to come from a tax on land, then it would make no difference whether it is an individual, a group of individuals, a corporation, a charitable organization, a fraternal organization, a political organization, churches, schools, municipalities, counties states or the federal government, that uses or controls a parcel of land. All should pay taxes on said land based on what said land is worth for use. This tax would then become a part of the operating expense which would be paid by the different users.

Should a city or a town operate its utilities such as light and power plants and water systems, taxes should be paid by the city or town, to the city or town and also to the county, state and to the federal government on any and all land used or controlled for the operation of such utilities. The amount of these taxes to be based on what said land is worth for use. These taxes would then become a part of the cost of operating these utilities, which would be paid out of the revenue received from those who might use these public owned facilities of the city or town. The city or town should be entitled to an appropriate service charge on the buildings, machinery and other equipment used by the fire departments and the police department to pay for the proportionate part of the cost of the special services rendered by the public owned fire depart-

ments and by the police departments, etc.

On any land used by the federal government upon which a building is built for use, let us say, of a post office, a tax should be paid by the federal government to the cities or the towns, counties, states, and to the federal government where such facilities are located or maintained. The amounts of said taxes, of course, being based on what the land that is being used is worth for use. These taxes would then become a part of the cost of operating the postal service to be paid out of the revenue received by the post office department which is paid by those, and only those, who use the postal service. The cities or towns in which said post offices are located would be entitled to charge the federal government a reasonable service charge for the special services rendered by the fire departments, police departments, etc., which are maintained by the cities or towns.

Factors in Determining Land Values

The value of land is primarily determined by its location. Of course, some other factors may to a very small extent have some influence, such as fertility of the soil, etc. For instance, there may be two tracts of land, each being located the same distance from highways, railroads, and centers of population, each being of equal size. One of these tracts may be so poor that it would have very little value even for pasture purposes, while the other tract would be very rich and fertile land suitable for the growing of almost any kind of crops. Naturally, the rich and fertile tract would be a little more valuable for agriculture purposes than the poor tract. But, a few square feet of the poorest kind of rocky or sand soaked land in the

heart of a big city would be worth a hundred times as much as a thousand acres of the richest and most fertile land that may be located only a few miles from business or other social centers. Therefore, location is the dominant factor in determining the value of land.

Economically speaking, all natural resources, such as coal, iron ore, phosphate, tin, lead, zinc, copper, gold, silver, oil and gas, etc., are classed as land. These natural resources are the product of that great force which created the universe and therefore, these natural resources, rightfully, belong to society collectively. Whenever anyone uses or controls any of these natural resources, he is receiving something of value from society and he should be required to pay to society a tax based on what said natural resource is worth for use. Whenever, mines are developed so that these natural resources can be taken from the ground they should be subject to a tax. This tax would be called a severance tax, which is actually a tax on land based on what said land is worth for use, since economically speaking, these natural resources are land. Any land containing rich mineral deposits, or oil or gas, etc., would be taxed on the basis of what said land is worth for use (the same as if there were no mineral deposits in the ground) until such time as the minerals, oil or gas would be taken from the ground, at which time a severance tax would apply.

The adoption of a single tax on land values and the elimination of all other taxes would remove the major defects in our present social order. However, this change in our tax system should be a gradual step by step program so that the economy of the country could be gradually adjusted to meet the needs of the new social order.

Suppose that a city had a ten mill tax on the land value in the city and a ten mill tax on the improvements on the land in the city, the city officials could impose or levy the first year a nine mill tax on the value of the improvements on the land, and then increase the millage on the land value so that there will be sufficient revenue to make up the lost revenue caused by the reduction of the millage from ten mills to nine mills on the improvements. Then the next year (the second year) there could be an eight mill tax levied on the improvements on the land, and the millage on the land could be increased in the same manner as was done the first year. By continuing this program for ten years there would be no tax on the improvements on land, but, a sufficient millage would be placed on the land value to provide for the same revenue that was formerly raised from a ten mill tax on the land value and a ten mill tax on the value of the improvements on the land. This step by step program would not upset the economy of the city, but it would accomplish the desired result of shifting the taxes from the improvements on land to the land values, thereby, putting an end to the penalizing of those who develop and improve their property and thereby raising the needed revenue for operating the city by taxing only those who receive from the city valuable benefits (the land values having been created by the citizens of the city) and upon them only in proportion to the benefits that they receive. Then in order to remove the other unjust and unsound city taxes such as taxes on the amount of the bills rendered by the utilities that operate within the cities, and business taxes, additional millage could be added to the tax on the land values.

By pursuing this just and sound program the cities would get rid of all taxes except the single tax on land, which is the fairest and most just of all taxes. County and State governments should follow the same program with respect to their tax system.

Since the federal government does not impose a tax on either land or on the improvements on land it has been necessary for the federal government to resort to other methods of taxation in order to secure the necessary revenue for the operation and for the maintenance of the various governmental agencies.

Every tax without a single exception that is imposed by the federal government is unfair, unjust and is economically unsound. Not a single one of them is based on natural laws. Therefore, every tax that at present is levied or imposed by the federal government, to put it in simple language is legalized stealing. The income tax is the most vicious of all. The income tax law has made more liars and perjurers than any other law that has ever been placed on the statute books of the United States of America. Whenever it is left up to the tax payer to report the amount of tax that he is to pay, lying and perjury is encouraged. The income tax law is primarily based upon the principle of ability to pay rather than upon the sound principle of benefits received. Every tax that the federal government is now collecting should be abolished as rapidly as possible, and a tax placed upon land value should take the place of those taxes which are abolished.