

The Overdue Business of Tax Reform

HOW about letting George do it—or at least part of it?

The "George" we have in mind is the late Henry George. Around the turn of the century, he proposed a single tax on land and no tax at all on the improvements to the land in order to encourage its more productive use. . . .

If Henry George's single tax is too strong a medicine, his supporters offer a sort of halfway house that should take much of the evil out of the present property tax performance. Tax the land separately from the improvements, they say. Place a value first on the land and next on the improvements. . . .

This present system has produced some atrocious, anti-social results. In almost any great city, and also in many small ones, you can find vicious slum properties with low assessed valuations occupying extremely valuable land. They produce little in tax revenues and require much in expensive tax-supported services. Moreover, you will often find that these cruel slum properties bring their landlords a higher rate of return than can well-operated, civilized elevator apartments that bring in generous tax incomes and require virtually nothing in tax-supported services. And they do so legally. Society not only countenances this, it encourages it.

Of course, applying the half-way system will be painful. The slum landlord will have to pay a fat increase in his taxes based on the great value of his land. He then may have to raise his rents to the slum tenants, which will scarcely be popular, or he may have

to demolish the atrocious old building and put it [the land] to more productive use. This can cause even greater anguish, can start the picket lines churning, and generate passionate Jimmy Breslin-type copy in the popular press. When the painful part of reform comes along, the press is generally your enemy. . . .

You don't have to go to the slum areas for horrible examples of property-tax misadministration. Consider the case of the sway-backed barn. Here in these beautiful New England hills, there is a man who owns a magnificent piece of property abutting a small lake. He has a charming house, but the most outlandish sagging barn you ever saw, so decrepit that it has appeal. One can't conceive of how it manages to stand, but it has stood as long as any resident can remember, and has withstood some terrific, gale-force winds that have destroyed modern, well-built structures. One day we asked him why he didn't tear it down and build himself a neat little garage compatible with the rest of his property. "Well," he said, "I would, but it is handy as a tax gimmick." With it standing, the assessor doesn't consider the beautiful property. He concentrates on the decrepitude of the quaint and tumble down barn.

Taxes need a lot of reforming, especially local taxes, and most especially property taxes. When reforming, keep George in Mind—Henry George, and especially his half-way single tax.

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