

12 Tax Mag. 346-352 (July, 1934)
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The Single Tax on Land Rent

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I. Nature and Origin of the Single Tax Concept

THERE is a large group of people in every state of the United States who sincerely believe and persistently and enthusiastically proclaim their belief that the tax problem will be forever solved and tax difficulties eternally dissipated by the simple expedient of taxing land values or land rent alone. It seems expedient therefore to devote an article to the discussion of this alleged simple panacea for all our fiscal ills.

Let us first clearly and carefully define the term single tax on land. The single tax, as the term is used by present day American and British advocates, connotes the exclusion of all other forms of taxation and the retention of one tax alone, namely, on the value of the bare land. For the United States, it would mean that the Federal Government, the state governments, the counties, the townships, the municipalities, and the school districts would secure all their public revenues from one source alone—land. Customs duties, excise taxes, personal and business income taxes, taxes on buildings and on all *distinguishable* artificial improvements on land would disappear. The single tax on land, therefore, may be defined as a tax on land as the free gift of nature, or—what amounts to the same thing—a tax on land rent.

The present single tax movement in the United States and Great Britain dates back some fifty years to the publication of *Progress and Poverty* by Henry George. In this book, Henry George, although not a professional economist, presented a keen, critical analysis of many of the old classical doctrines of the economists and compelled them to reexamine and modify their long-time orthodox doctrines—particularly in respect to wages. Like many another destructive critic, however, when Henry George essayed to build up instead of to destroy, he failed to present a plan for the betterment of the economic condition of society that would stand the test of the critical analysis of modern economists or public financiers. Henry George traced the want and suffering among the working classes, the recurring paroxysms of industrial depression, the scarcity of employment, the stagnation of capital, and the alleged tendency of wages to remain at the starvation point, to the fact that the land on which and from which all must live is made the exclusive property of a relatively small portion of the population. As a corollary to this proposition, Henry George attributed all the economic ills of society to the one seemingly simple, elementary proposition that taxation was based in an unjust and uneconomic manner upon all

types of wealth, instead of upon the bare land—the sole source of all wealth.¹ His panacea, therefore, was simple and obvious:

We have seen that there is no possible remedy for these evils but the abolition of their cause; we have seen that private property in land has no warrant in justice, but stands condemned as the denial of natural right—a subversion of the law of nature that, as social development goes on, must condemn the masses of men to a slavery the hardest and most degrading. We have weighed every objection, and seen that neither on the ground of equity or expediency is there anything to deter us from making land common property by confiscating rent.*

But, how shall this be accomplished? Henry George answers the question by declaring that it would be just and equitable to abolish all private titles in land and to declare all land public property, letting it out under such conditions as would sacredly guard the private right to improvements; but, while this plan of confiscation is perfectly feasible, it would be better to accomplish the same thing in a simpler, easier, and quieter way—

namely, by confiscating rent through the machinery of taxation.

What I therefore propose, as the simple yet sovereign remedy which will raise wages, increase the earnings of capital, extirpate pauperism, abolish poverty, give remunerative employment to whoever wishes it, afford free scope to human powers, lessen crime, elevate morals and taste and intelligence, purify government and carry civilization to yet nobler heights, is—to appropriate rent by taxation. In this way the State may become the universal landlord without calling herself so. * * * In form, the ownership of land would remain as now. * * * Now, inasmuch as the taxation of rent, or land values, must necessarily be increased as we abolish other taxes, we may put the proposition into practical form by proposing to abolish all taxation save that upon land values.*

II. The Rent Concept

HENRY GEORGE and his followers, in agreement with all economists, have defined land as comprising all natural resources. Based on this concept of land is the notion of land rent. To quote C. B. Fillebrown, an ardent disciple of Henry George:

Ground rent is the annual value of the exclusive use and control of a given area of land, involving the enjoyment of those rights and privileges pertaining to the land which are stipulated in every title deed, and which, enumerated specifically, are as follows: right and ease of access to water, health inspection, sewerage, fire protection, police, schools, libraries, museums, parks, playgrounds, railway service, gas and electric lighting, telegraph and

¹ Henry George was not the first by any means to declare that land is the sole source of all wealth. To go no farther back than the eighteenth century we find that the French Physiocrats had built up an economic philosophy based upon the same proposition. The physiocratic influence was so strong even in the United States that it took all the genius of Alexander Hamilton, the first Secretary of the Treasury, in one of his noteworthy reports to the Federal Congress, to convince

that body that manufacturing is also productive of wealth.

2 Progress and Poverty, 25th anniversary edition. 1905, p. 401, 402.

3 Ibid., p. 403 404. A digest of the George doctrines will also be found in C. B. Fillebrown, A Single Tax Handbook, Ch. II.