

The Death of the Single Tax

by BENJAMIN F. SMITH

THE single tax is dead. Long live land value taxation!

We "former" single taxers have been caught in faulty logic. While we rightly believed that all value in land was social, we also *in error* believed that *all* social economic values were reflected in land values. The latter may not be true. The relationship between land values and social values is unilateral and *not* bilateral.

This may explain why a single tax on land values will not pay all of government budgets.

Examination of various benefits from civilization and society will show: some benefits add value equally to all portions of land area within governmental units; some do not affect land values at all.

The benefits of society and civilization to an individual are first evident in land—and can be measured as land value and economic rent.

Some other benefits are independent of land location and do not apply differentially to areas of land but equally, because they are directed toward individual inhabitants. They might raise land values equally with the governmental unit. Examples of these service benefits would be: availability of personal (not property) police protection, library facilities, and a high quality of education.

Each governmental unit contributes some social economic values to the individual which is *not* reflected in land value. The final practical governmental unit (the nation) contributes high social values: freedom of expression, the right to vote, national defense of persons, and justice in the courts.

Civilization representing past and present society, in the nation and without, has given knowledge and new

methods in production and commerce, which has given to individuals employment possibilities and wages far beyond the opportunity existing from the basic opportunities in land.

Many talents are related almost entirely with human individuals and but slightly, if at all, with land. We Georgists have skipped the exchange values in the area of non-land *services*—lawyers, doctors, nurses, teachers, barbers, etc.—where no wealth is created but capital is often used. The opportunities for high earnings perhaps should have a cost to individuals, just as the opportunities related to land have a cost to those who use land.

If there are other social economic values benefiting individuals besides those in land values, then these other values are factors in wealth production and service value creation.

The factors in the production of wealth are land plus labor plus capital plus non-land social values. Price is determined by rent plus wages plus interest plus non-directed social benefits plus taxes.

Factors in the creation of non-land service values are labor plus capital plus non-land social value (note the elimination of land). Service fees are determined by wages plus interest plus non-directed social benefits plus taxes.

A further proof that some non-land values do not add value to land is that at least some of these benefits are not in rent. For instance, at the *national* margin of production, where there is no land value the following benefits are available equally to all: citizenship, civil rights, national protection of life. Since rent of any portion of land is determined by subtracting the "production" of marginal land from the "production" of the land in question—the

equal benefits subtract out. The capitalized "rent" does not include these equally distributed social values in the land value.

This theory does not discard land value taxation but extends its prin-

ciples. The benefits created should be returned to those who create them. If this theory and the Georgist philosophy are correct, the extra, non-land social values should be returned to society to maintain and continue those values.

"The Needle"

Wilbur Johnson of Chicago has carried on a vigorous and imaginative one-man campaign ever since he came into the full understanding of the importance of LVT.

A valued employee of the Pullman Company, he knows well the life and problems of working people. He soon found that they were not getting the message he had discovered, namely that land is "at the bottom" of the economic inequity.

So he started writing about this and calling it "The Needle." The leaflet is widely distributed and read. This caught the attention of the Gazette, an independent newspaper in the community, which has carried his column regularly for 15 years.

Among subjects about which he has expressed himself strongly are "open occupancy." He says, "the major and real issue is not racism or integration,

it is finding the solution to involuntary poverty."

He also attacked the threat of a teacher's strike and stated, "I propose a universal tax strike of all those people who earn less than the teachers. There shall be however one important difference. We shall employ the tools of the teachers' trade (political economy, logic, justice and unselfishness) instead of the underworld tactics of threats, brawn, blackjack, selfishness and injustice!"

To start this tax revolt he continues publishing his wager of \$500 to anyone who can disprove that *Progress and Poverty* offers "the only scientific, just, exact and permanent solution to involuntary poverty (barring acts of justice)."

The Chicago Gazette lends its editorial support to "The Needle" author, referring to him as "our man Wilbur."

THIS MAY HURT A LITTLE, BUT . . .

"It can be done," notes Robert Benton, Detroit director, calling attention to a notice regarding tax hikes in the Royal Oak (Michigan) Daily Tribune of March 3rd. This action follows several years of forceful educational effort on the part of S. James Clarkson, Mayor of Southfield, another Detroit suburb.

To the immense advantage of the section known as Royal Oak, the land, not the buildings, will bear most of a \$10 to \$12 million adjustment in assessments. This first major change in 10 years will boost last year's assessed valuation by more than \$10 million. The city assessor said adjustments were applied to the total cash value of improved properties in an attempt to bring assessments to 50 percent of their true cash or market value, as required by the new state constitution. Due to the increase in real estate values much of this land had fallen (in some cases as much as 20 percent) behind that figure.

An average homeowner in Royal Oak with a current assessment of \$7,000 may expect a revised valuation of \$7,500 with an annual tax increase of \$25 for city, school and county. Needless to say this suburban area near Detroit is booming and drawing envious glances from all over the state for its phenomenal development.