

'Site Valuation' Resembles Single Tax

By William P. Frank

About 70 years ago, a group of men went to jail in Dover as fighters for a principal imbedded in the reformed real estate tax now under serious consideration for Wilmington.

The report, made public last week, recommends a change in Wilmington's real estate tax methods. It suggests a site valuation tax, based principally on land values, to replace the present real estate tax on both land and improvements.

It was in May of 1896 that 37 reformers, known as Single Taxers, gathered on the Dover Green to preach the basic principles of land taxation as opposed to other forms of taxes. They were arrested for the breach of the peace. Refusing to pay fines, they chose to spend 30 days in jail. They figured this was the best way to draw attention to their program of taxing only the land and exempting all improvements.

ACTUALLY, theirs was not a new cause. About 200 years ago, Pierre S. du Pont de Nemours, economist, philosopher, and patriarch of the Delaware du Pont family, supported a somewhat similar philosophy in France — that land and not man's labor should be the sole source of public revenue. Du Pont's group, known as Physiocrats, also favored what was called "impot unique" or single tax.

The philosophy of the Physiocrats died out in France. It cropped up later in England. It also became a subject of discussion among groups of economists in the young United States. Thomas Jefferson and others discussed the principle of land taxation with du Pont as a possible means for the basis of taxation in a new nation.

However, the concept that land alone should be the source of taxable wealth was not proposed on a large scale until Henry George, a economist and philosopher, published his book, "Progress and Poverty" and formed a political party to further this reform in the latter part of the 19th century.

A number of parts of the world and some parts of the United States, the principle has been translated into actuality in varying degrees.

Denmark was the first European nation to tax on land values rather than improvements. Denmark also has a political party of considerable influence whose principal aim is to make land values the principal, if not the only source of tax revenue in the country.

Pittsburgh adopted a policy of taxing the principal burden of municipal taxes on land values. Scranton, Pa., also has a policy of taxing buildings and other improvements at a lower rate than site or land values.

The National League of Cities, the National Tax Association and the National Council

for Good Cities, along with Time, Life and Fortune sponsored a round table conference of tax and municipal experts from all parts of the country.

Out of this conference came the view that taxes on land or site values tend to encourage, speed or sometimes even compel improvements. It was also stated at the conference that the bigger the land tax, the greater the pressure on landowners whose property is underused to increase its earning power—or sell it to someone who will.

THESE thoughts are reflected in last week's report by the Wilmington Mayor's Advisory Committee on Revenue, headed by Edwin P. Neilan, president of the Bank of Delaware. While the report had other important segments, on the subject of site value taxation, it stated:

"The benefits of a site valuation tax are unending. Most important, such a tax tends to assure constant rehabilitation and rebuilding of structures in order to utilize each valuable site."

The report went on to say that under the present system, dilapidated or vacant properties are permitted to pay little or no taxes until their value has increased — "largely by reason of new city services and growth."

The committee's report added that the site valuation method tends to require that property be devoted to the highest use possible under zoning, and encourages the owner of underdeveloped land either to sell to someone who will make improvements or make improvements himself.

HOWEVER, while the mayor's committee's report may be similar to the philosophies of the pioneers in land taxation reform, it can not be tagged either as a Physiocrat or Single Tax plan.

Delaware became one of the battlegrounds in the nation for the Single Tax cause in 1895 at the suggestion of Jackson H. Raylston of Hyattsville, Md. The campaigners came here from Philadelphia to join with a few Delawareans already involved in the Single Tax or Henry George movement.

PROMINENT among the Delawareans were Harold Sudell of New Castle and A. R. Saylor, newspaper publisher of "Justice," a propaganda paper for Single Tax, later to become the Labor Herald.

The leader of the Single Tax "invasion" was Frank Stephens, a successful artist-businessman in Philadelphia. He preached, for example, that man is entitled to whatever he earns and that since man did not create the land, its values should go to the state or community.

He also argued that land values are made by people and the community and therefore the people or community should get the benefits of those increasing land values.

Stephens and other Single Taxers were, however, that their tax plan was not aacea for all the ills of government.

They vigorously opposed socialism and would increase the functions of government monopolies of any kind, including industrial labor union monopolies.

IN 1895 and 1896 the Single Taxers held open-air meetings in Wilmington when the weather was favorable. On other occasions they held overflow meetings in what was known as the Grand Opera House on Market Street. Their headquarters were on the second and third floors of Ainscow's Restaurant, Market Street, above Eighth. The second floor was used for meetings and the third floor was converted into a dormitory for disciples who couldn't get overnight lodgings in the city.

The Single Taxers adopted a military uniform to attract attention and their knapsacks were filled with Single Tax tracts.

In 1896, the Single Taxers had a ticket in the Delaware political campaign. When they decided to hold open-air meetings on the Dover Green, the authorities warned them they would be arrested on charges of the breach of the peace. Single Taxers were regarded as "dangerous radicals" in those days.

HOWEVER, the campaigners defied the Dover authorities and welcomed arrest — and jail. After their sentence, they formed the Dover Jail Club and had group photographs sent around as propaganda. They had campaign songs, one which was titled, "We want the Earth!"

In the election of 1896, the Single Tax ticket polled 1,500 of the 38,000 votes cast. They blamed their defeat on the William Jennings Bryan Democrats.

The whole movement in Delaware would have died out then, if it had not been for Frank Stephens who decided to found a Single Tax village here. It is now the village of Arden, with two more Single Tax towns nearby, Ardentown and Ardencroft.

THE three villages have substantially the same economic basis: No one owns land. It is all held in trust. Lots are rented on terms of 99-year leases. The annual rents paid to the communities by the leaseholders are supposed to be based only on the value of the land. The value of the land is supposed to be determined each year.

The trustees of the villages collect the rent annually and from the rents, they pay the over-all county real estate tax on the land and houses. The residuum of the collected rents is used for operating the villages.

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