

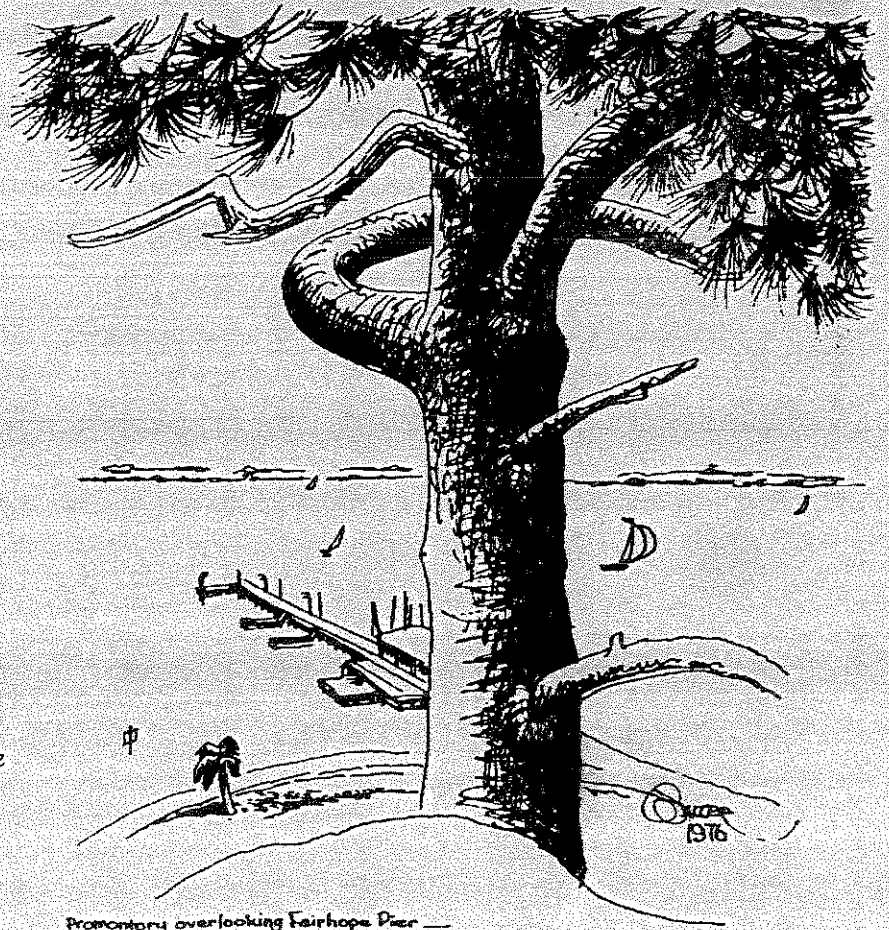
# STA

Single Tax Advocates

Words by  
J. M. FULTON

FAIRHOPE  
"I LOVE YOU"

Musical notation for the song "I Love You" by J. M. Fulton, with lyrics written below the notes. The lyrics include: "There's a purpose grand, to redeem the land / And they strive to lead the way; / There's a welcome rare from the dear ones there / And that's why we love to stay."



Promontory overlooking Fairhope Pier —

'There's a purpose grand, to redeem the land  
And they strive to lead the way;  
There's a welcome rare from the dear ones there  
And that's why we love to stay'

# FAIRHOPE



EXCERPTS  
from  
PREAMBLE  
of  
CONSTITUTION and BYLAWS of  
SINGLE TAX ADVOCATES

IN AS MUCH AS

LAND VALUE TAXATION is morally and economically  
just .... and

IN AS MUCH AS

LAND VALUE TAXATION promotes individual incentive  
..... and

IN AS MUCH AS

LAND VALUE TAXATION discourages land monopoly  
.... and

IN AS MUCH AS

LAND VALUE TAXATION has been demonstrated to be  
practical as sole source of revenue for governing  
bodies ..... and

IN AS MUCH AS

LAND VALUE TAXATION is in consonance with our  
National and Local forms of Democratic government

ACCORDINGLY

We, the Single Tax Advocates, STAND for, and  
ENDORSE LAND VALUE TAXATION by promoting its  
adoption by all governing bodies; locally, nation-  
ally, and internationally.

As adopted at Fairhope, Alabama in 1979

## FAIRHOPE

This is the text of a series of public affairs programs brought to the citizens of Fairhope on radio by the Single Tax Advocates for the purpose of better acquainting the people of Fairhope and environs with the history of Fairhope and the Fairhope Single Tax Corporation, and also the principles of the Henry George movement which spawned the idea of the Fairhope Single Tax Corporation.

Henry George was a great thinker and author of the last century who by a fantastically logical process came up with the idea that the only just and fair place for all governments to derive their operating income is to tax the use value of land which is a community created value rather than an individually created value and therefore belongs to the community as a whole anyway. He further felt that whatever man earned by the sweat of his brow should be his to keep and to the extent that this is taken from him he becomes a slave to the state. More about Henry George later.

The Fairhope Single Tax Corporation was formed in the last decade of the last century to demonstrate the efficacy of the Henry George proposition.

We will now be referring to the Fairhope Single Tax Corporation, its relation to the town of Fairhope and the Henry George proposals. It is hoped that it will suffice to say that the main source materials used were: "The Fairhope Colony" by C.A. Gaston, the son of a founder and long-time secretary of the Corporation; "Fairhope, the Story of a Single Tax Colony" by Paul E. and Blanche R. Allyea, eminent educators; "Progress and Poverty" by Henry George; other writings of his and many other dedicated Georgists who have written much over the years and even some personal observations.

First lets go into some history. Fairhope owes its birth to the economic crisis of 1893. The idea was conceived in Des Moines, Iowa by a group of men whose common convictions and personal friendships brought them often together. Believing that such economic crises as the one through which they had just passed were due to the defects of the political-economic structure of our nation, they sought a remedy.

Like the socialists, they had come to the conclusion that private monopoly constituted the greatest hindrance to the orderly progress which they believed should result from increasing efficiency in the field of production. But unlike the socialists they could not believe that substituting government monopoly for

private monopoly would bring about the progress of which man is capable. It was then that they came upon the proposals of Henry George as set forth in his book, "Progress and Poverty." So convinced did they become of the soundness of Georges principles, that they determined to put them to the test of application.

They had no expectations that they could, in any near future, get the purposed reform adopted in any established American community. Their thought was rather to establish a new community under conditions that would guarantee the use of the rent of land for the provision of public revenue. Operating in this manner they felt, as one of their number expressed it, "that they would have a fair hope of success." And thus they named the new community - Fairhope!

Henry George had envisioned the adoption of this plan through the successive abolition of other taxes and the concurrent increase of the tax on land value 'til this tax took nearly all the annual use value of the land for public purposes. He intended that title to the land should remain in private hands; with ownership in fee simple as we now have it. George would have owners pay as taxes, substantially all the use value of their land, but be free of taxes on buildings and all other improvements.

In order to come as close as possible to this idea, before public opinion was generally in favor of it, the founders of Fairhope meant to keep the land in the new community, in the formal possession of their corporation, which they called the "Fairhope Industrial Association" - later changed to "Fairhope Single Tax Corporation" - the name it still bears. Its officers would then make sure that land values, would so far as possible, pay for public expenditures and take the place of taxes. Beyond that, provisions of state constitutions and legislation would perforce apply: actual taxation in the new community would have to conform to the prevailing system.

To carry out this proposal, a corporation charter had been secured. A membership fee of \$200 was established to supply the corporation with funds to defray expenses and buy land. A membership committee of three was dispatched to locate a site upon which to locate their "Fair-hope". Most favorably reported on was the site now occupied by the Colony and the City of Fairhope on the Eastern Shore of Mobile Bay in Baldwin County, Alabama.

Through the corporation's publications, "The Liberty Bell", and "The Fairhope Courier", the group awakened widespread interest in their venture. Shortly after their announcemant of the selection of a site, prospective colonists headed for Baldwin County. The

first to arrive were from Iowa, Minnesota, Ohio, Pennsylvania, and the Pacific Coast.

Early on November 15, 1894 the new arrivals assembled at Battles Wharf, a shore community about two miles south of the chosen site. Their first concern was to secure title to some land. In the first days of January, 1895 they took possession of 135 acres with 2800 feet of frontage on Mobile Bay. The price paid was low by today's standards but high for that time-about \$6.00 per acre!

Later in the year they added 20 acres more with 800 feet of bay frontage and 200 acres with no bay frontage. In 1897 title was secured to an additional 320 acres inland. There were no further additions until 1900 when the colonists had some funds available from new memberships which had been reduced to \$100 by this time, and from a single tax land fund largely contributed to by friends of the idea. Almost every year from 1900 to 1907 saw the Colony holdings increase in area.

Fairhope was far from being the ideal site upon which to launch such an experiment. It offered almost none of the essentials necessary to support a modern economic structure: The land was poor for agricultural purposes, there was not nor has there been, until recently, any indication of sub-surface minerals, the site was not well located with respect to the nearest trading center, Mobile.

The main attractions were a mild climate and a favorable location on Mobile Bay. Even the asset of location was reduced by the high bluff and shallow water, thus making the only means of communication and trade, water transportation, difficult.

The Colony is organized as a not-for-profit corporation and leases land on a 99 year basis. The rentals are computed on a schedule which most nearly resembles a fire insurance rate schedule, which starts out with a basic rate based on location, then proceeds to add to or subtract from because of the presence of, or lack of, such things as paving, water, sewer, curbs, gutters, and so forth. There can be some difference of opinion as regards to the individual value of these credits and charges, but they cannot be more fairly applied, because all leaseholds (without exception) are subjected to the same schedule! The revenue is used in part to pay certain of the taxes which fall upon all of us as members of an organized community.

It is recognized that the Colony cannot pay all of the taxes to which resident lessees are subject as citizens of a nation that is constantly increasing its tax burden. The principal burdens

of which the Fairhope lessee is relieved are property taxes, real and personal, levied by state, county, and municipality. What is left of the rent fund after payment of these taxes, is used for public improvements. For many years this residue was adequate, even abundant, and allowed the Colony to grow wholesomely, rapidly and steadily. However, in recent years the value of land has increased rapidly and rentals have had to be increased - just as they were decreased during the depression years of the early '30s. Further, the corporation now faces tax equalization forced by the courts which threaten to raise the taxes above the present level by a considerable amount.

We now move into the 1970s, observing the steady growth of Fairhope, and the contribution of the Fairhope Single Tax Corporation to this growth.

In point of age, fertility of soil, and nearness of transportation, Fairhope ranks poorly with her neighbors. When the Colony was founded, Daphne five miles to the north, and Battles Wharf, two miles to the south, both also fronting on Mobile Bay, were already established as resort communities, and Daphne was the County Seat. The nearest principle inland communities were served by the L & N Railroad and were well disposed for agriculture, yet Fairhope has out distanced all of them in growth. It seems decidedly probable that this is due to the Corporation's policy of destroying land speculation and making sites available to all who wish to use them, virtually free of acquisition costs. To see the steady growth of Fairhope, the charm spot of the Deep South, one has only to look at the census returns. In 1910 our population was 590; in 1920, 853; 1930, 1549. Between 1940 and 1950 it went from 1837 to 3359, almost doubling. The greatly accelerated gain during the war years was primarily due to the influx of war industry workers who commuted to their jobs in Mobile. Other Baldwin County towns shared this growth, but none grew as rapidly as Fairhope, again due to the policies of the Fairhope Single Tax Corp. New settlers here, found access to land without the payment of a speculative purchase price, and those with limited capital at their command, could invest it in such things as would accomplish a current return. The pace of the growth in later years may be attributed to the fact that in the '50s, all of the lands of the Corporation were rented out, and no more of this easily obtainable land was available. Since the Corporation contributes to public improvements from what is left after payment of taxes, practically every street in the city as well as several miles of country roads are paved. A record that can be envied but not approached by most southern communities of like size.

There are other community benefits directly attributable to the

operation of the Single Tax principles in Fairhope. It must be pointed out that not all of the land comprising the presently incorporated City of Fairhope is Colony owned.

The Colony now has about 4,000 acres net of which approximately 9/10th is rated as agricultural land. Colony land now comprises only a fifth of the total city area, but upward of 60% of the population of Fairhope lived on this 1/5 as late as the early 60s.

After the Colonists had established a community that showed promise of permanency, outsiders were attracted to adjacent land, and several real estate interests bought tracts that the Colonists had been unable to purchase because of their limited finances. These tracts were subdivided and sold in fee simple. Today, although there are undeveloped lots within the city limits which many fee simple owners are willing to sell, preference for Colony land is still quite apparent.

Could it be because a person would prefer to put that \$5,000 lot purchase price into his retirement or Money Market Fund?

We begin to see how the Single Tax principles remain viable and helpful even when surrounded by an environment with an entirely different tax structure. We also begin to see that the "fair hope" of success held by Fairhopes founders indeed came true. Later we will learn how successfully this site value taxation idea is used in other locations.

Today all the desirable and accessible land of the Colony is leased. However, this does not mean there is not room for more development on existing Colony land. Increases in population bring increased demand for land which raises rental value. Increased rental charges on land stimulate its more intensive use. Lessees find that the larger community has created new opportunities that enable them to supply their needs and gratify their desires with the use of smaller holdings. For example, consider the history of the first leasehold to be occupied in the Colony. It comprised 2-1/2 acres and is now one of Fairhope's principle business blocks.

The original lessee of these 2-1/2 acres first built a shelter for his family. It could hardly be called a residence by present standards. The family moved into it in the later days of January 1895. Though the building was far from complete, the lessee cleared the land of young pine trees that completely covered it and removed the stumps of the larger trees that had been logged off some years earlier. After building a rail fence to keep out



the stock that ran on the open range, a garden was planted, orchard trees were set out to provide food. The lessee built a barn to house his livestock and a place for chickens.

Very soon, the cow and chickens were supplying milk and eggs for the family table, and in a few short weeks vegetables were being taken from the garden. Within a year the lessee was supplying a large part of his family's food from his leasehold, supplemented with crabs and fish from Mobile Bay. For only a few years was it profitable to occupy this leasehold as a subsistence homestead. Business made demands for the land that was in garden and orchard and the rent started to climb from the \$5.75 per annum the lessee paid in 1896.

The lessee established a business for himself next door to his residence and transferred a portion of his leasehold to others as demand for their use developed. After a few more years demand for business sites in this block caused the lessee to get a home elsewhere, and to sell his residence building for commercial use.

By 1906, transfer to others had reduced his leasehold to about 1/4 of an acre, or 1/10th of what he had originally occupied.

On this reduced leasehold, he was then paying an annual rent of \$20.05. However the lessee, using only 1/10th of the land he had originally occupied, enjoyed an increased earning power as a result of the growth of the community. He was able to raise his standard of living for his family by utilization of opportunities that had not existed when the Colony was started.

Since the lessee's business was the publication of the local paper, an operational job printing shop. Every new building on land he gave up, brought new business to his shop. He made one further transfer that reduced his leasehold to a little less than 1/5th of an acre, but he held his lease to that to his death in 1937.

This illustrates how the fuller use of land contributes to fuller employment, more opportunities for more people, increased production in prosperity for the community.

Although there is still room for some development on Colony land, the City of Fairhope and the Fairhope Single Tax Corp. have now reached a point where the questions must be asked, "How can we best maintain our heritage while bringing the benefits of this heritage into the present day?"

To quote Henry George, "The progress of civilization requires

that more and more intelligence be devoted to social affairs and this not the intelligence of a few but that of many. We can not safely leave politics to politicians nor political economy to college professors. The people themselves must think because the people alone can act. The intelligence required for the solving of social problems is not a thing of the mere intellect. It must be animated with the religious sentiment and warm with sympathy for human suffering. It must stretch out beyond self interest whether it be the self interest of the few or of the many. It must seek justice, for at the bottom of every social problem, we will find a social wrong."

Talking to the people in Fairhope, where you would think even small children would understand about Henry Georges theory, I found so many conflicting stories about what people think it is, that right now seems a good time to set the record straight on what George's Single Tax idea is and/or is not. The idea is so simple, that probably when people hear it, they think that it is only part of the idea. The ramifications, of course, are complex and varied, but the idea itself in a nut shell is this: All revenues, that is, money used to operate all government from the community level to the national level, would come from a tax on land. No other activities should be taxed. I repeat!! All revenues, that is, money used to operate all government, from the community level to the national level, should come from a tax on land.

No other activities should be taxed!! There it is!! That's it!!

Hard to believe isn't it? But that is the complete idea!!!!

Everything else in our government, as laid out by our forefathers should be left in place. The only change George recommended was in the source of revenue, or taxes, as you will.

As I said, the ramifications of this, are much more complicated. George's remedy is based on the idea that God made just so much land, and that as a child of God, every man has an equal right to that land. Now as we know, every man can't take x number of acres, call it his and fully utilize it, because everyone is not the same. Some people are destined to do one thing and other people are destined to do other things.

The only way that every man can share equally in the benefits derived from land is that payment for land use be put in the general "pot" for everyone's benefit, thus equalizing the benefits of the use of the land. Now that is not really very complicated, but it is awfully hard for many people to see.

I am personally fully convinced that this is the way it should be, and many people who are Georgists, are also convinced that this is the way it should be.

Most people, should they understand this principle, would be convinced of the rightness of it, the justice of it, and the even hand-ness of it.

George observed that where land was not at a premium, that is, where it could be had for little or nothing. and, in many cases, just for clearing it and using it, there was no such thing as poverty. No one was rich but everyone made a living. Yet when an area got built up to the point where by all economic theories, cooperation should make everyone more wealthy, instead there were vast differences between the rich and the poor. The reason for this, George educed, was that the few owning land, and not paying fully for the use thereof, were able to control the wealth therefrom and, in effect, stole the heritage of the people who were unable to own land - which, in this case, were the many. From this, he came up with the idea that if the people who used the land paid for the use thereof to the community based on the use value thereof - which is, for the most part, caused by the actions of the many, then the fruits of the land, would, to a great extent, be reaped by all. This would make it infinitely harder to become a millionaire, or rich, as you will. But by the same token people on the other end of the spectrum would not be subject to the dire poverty, which in many cases was the rule.

These differences are not so apparent today as they were in George's day, due to the welfare that is given to the people in lower income levels. However, if the tax were placed on land and everyone had an equal opportunity, this welfare method of sharing the earth's bounty would not be required, or needed, except for the physically or mentally handicapped.

This, in effect, is what the remedy, or idea, would bring about.

So far, we've talked mostly about the founding of Fairhope but lately we started talking about Henry George's simple remedy for most of the worlds economic woes.

As a reminder, here is the remedy in a nut shell again: All money to operate all levels of government should come from a tax on land. All other objects and methods of taxation should be dispensed with. This could have the effect of giving everyone an equal opportunity.

Many socialists, upon finding out that George's remedy involved

land, thought that it must be a form of their socialism, and many of them, not knowing any difference, have adopted it over the years. Actually there is almost a 180 degree differential between Georgism and Socialism. On the one hand, George advocates democratic republicanism as practiced in the 19th Century, good old Americanism, as you will, with the only change recommended being a change in the basis of taxation. Whereas socialism advocates state ownership and state controlled everything.

No two ideologies could be further apart. As pointed out previously, the founders of Fairhope had banded together in Des Moines because of repeated depressions in the last half of the 19th century. They had kicked around many ideologies, including socialism and Karl Marx's communism. and had, at least to some measure, rejected them all, when along came Georgism! When they read "Progress and Poverty" they felt, as have many people since then, that surely this is the answer. This has to be the answer. If this is not the answer, there is no answer to economic travail. Accordingly, having embraced the ideology, they set about to demonstrate it in some manner. They hit upon the idea of forming a Colony and trying to synthesize the conditions that would be in effect were the single tax idea, or as I like to call it, the incentive taxation idea, in effect. It was much easier in those days, because the taxes were relatively simple.

Practically the only taxes being collected were on personal property and land. They did not have, for example, Karl Marx's income tax, which, of course, muddied the waters considerably.

They didn't have the most regressive tax of all, the sales tax. This made the substitution of rent on commonly owned land a very close approximation to the single tax idea.

Of course, as with many plans made by men, the idea of the Single Tax Corporation or as it was originally called, the Fairhope Industrial Association left much to be desired. In fact, Henry George himself did not believe in enclaves of this type because of the imperfections that were bound to show up.

However, this enclave, which was really only one of many at that time, has stood the test of time much better than the others. The only other one actually still in existence now, to my knowledge, is one in Arden, Delaware. The Arden enclave has evolved to the point where all lessees, most of whom are not Georgists, have the vote. As a consequence, they assess themselves only enough money to pay the taxes imposed by the state and county.

This leaves them nothing with which to improve the conditions of their community, and therefore does nothing to show the benefits

to be derived from land value taxation.

In my opinion, and I'm not alone in this, Fairhope as a demonstration is not as viable as it was, because of the fact that it no longer has any lands to lease, and therefore, is not as great a factor in the "demand for land" situation in the area. As a result, it demonstrates less at this point in time.

However, as reported previously, when Fairhope went from nothing to the largest town in the county in approximately 32 years, it proved, at least to my satisfaction, that the Henry George idea is a very viable idea. Although Georgists may seem to be in short supply due to the poor media coverage we command, we are not alone. There are many Georgists around the world, thousands in fact. The enclaves, as mentioned previously, are practically all gone, but the idea, and Georgists, are not.

The "Single Tax Advocates" are beneficiaries of the Fairhope demonstration as are all Fairhophians but are an entirely separate and independent organization. We are not part of the Fairhope Single Tax Corporation although we share many of the same ideas and ideals.

We've talked about the establishment of Fairhope and the Henry George idea that lies behind it, that would make land easier to acquire when needed for use, but make it harder to hoard land without putting it to use.

Probably the greatest use of this idea has been in Denmark and the countries down under, Australia, New Zealand and so forth. In those countries, most have laws that allow the individual communities to vote to go to land value taxation at any time; otherwise, their tax set up is very similar to ours. In these towns the idea has been proven many times over by the surges in building which follows the change over to the incentive taxation system. Further proof is given in that when one town goes over, very often, shortly thereafter, neighboring towns have to change over in order to keep from getting left behind in growth.

Another example, around the world, is the fact that when the Chinese were driven from the main land to Taiwan, they went as Georgists. Taiwan has used single tax ideas from their very beginning. Chiang Kai-Shek was an avid Georgist.

Their tax system is not totally per George; however, the results are very good, as Taiwan has proven to be very successful economically, with very little poverty.

In the United States and Canada there are many small steps that have been taken in many places. However, the most outstanding demonstration, other than Fairhope, to date is in the state of Pennsylvania, where Pittsburgh has had a differential between land tax and improvements tax for many years. Lately that differential has been increased, and the results have been outstanding. In Pennsylvania this is known as a "graded tax". There are now four other cities in Pennsylvania which have adopted at least some measure of the graded tax plan. In all of these, spurts of building, accompanied by decreases in building starts in surrounding areas, help demonstrate how powerful the single tax idea is, even in small doses.

Pittsburgh, through a series of land tax rate increases and some building tax rate decreases, now has a ratio of better than 5-1/2 to one. In other words, the tax rate on land is over 5-1/2 times what the tax rate is on buildings.

Georgists hope, that when the results of these small incursions into single tax are seen, the idea will spread like wild fire. In fact, it is my hope that Fairhope, being the home of the most successful of the enclave demonstrations, would be able to get its city fathers, county commissioners, and so forth, to pass enabling legislation in the state legislature for the same type of two rate property tax as Pennsylvania has.

Georgists in the Fairhope area should be working on their mayor and city council as well as their county commissioners, getting them to put pressure on the state legislators to pass enabling legislation for individual cities and counties to have the option to adopt a two-rate tax system, or as it is termed in Pennsylvania, a graded tax system. This would open an avenue for more revenue for city and county needs as they continue to increase - a much fairer and less painful way than more income tax or sales tax. If you agree with me, get busy. Let's talk to these people. This is the only way we will ever get anything done. There is no time like the present. City and country revenue needs are increasing daily. Let's go!!

No doubt you have many questions this chronicle of history and ideals has not answered to your satisfaction. If you are enjoying our public affairs series and it has piqued your interest, you can contact "The Single Tax Advocates", P. O. Box 558, Fairhope, Alabama 36533 for further information or for friendly discussion.

Last we talked about starting political action to get the basic principles of Henry George installed in our local tax system. We

talked about how this has been done in Pennsylvania, and I would like to go into this more fully.

In Pennsylvania the law is known as a Graded Tax Law, and provides that cities have the option to tax land and improvements at different rates. It works somewhat like this: Let us suppose we have a property with an assessed valuation of \$50,000 which is broken down for the purpose of this demonstration, - \$40,000 on buildings and improvements - and \$10,000 on land.

Assuming that this is an owner-occupied dwelling, the taxable rate in Alabama would be 10% of the \$50,000 which would be \$5,000. This would break down again, to \$4,000 on buildings and improvements and \$1,000 on the land. Now, for ease of tax computation, let us assume a tax rate of 10 mils. This would put the total tax at \$50.00. Again, being \$40.00 on improvements, and \$10.00 on the land. What the tax people will be working toward, will be to collect, under this system, the same \$50.00, and the way it works is this: If you dropped the tax rate on improvements to 9 mils, this would bring in \$36.00. This \$36.00, subtracted from the original \$50.00, will leave \$14.00 to be collected on the \$1,000 land. This means that the millage would jump from 10 mils to 14 mils on land. This total would then give you the \$50.00 that you started with.

Let us assume that you wanted to drop the millage on improvements to 5 mils. Okay, 5 mils on \$4,000 is \$20.00, leaving a difference of \$30.00 to collect the full \$50.00 as you had before. This would mean that you would now have a 30 mil tax rate on land and a 5 mil tax rate on improvements, still rendering the same \$50.00. As time went on, eventually you would get the rate on improvements down to zero, meaning the tax rate on land would then be 50 mils, to collect the same \$50.00 on the property.

To illustrate some other things that could be done at the same time, (which is the way it is working in Pennsylvania), is that sometimes tax increases are put on land and not on buildings.

For instance, assume that the City of Fairhope needed to increase its tax income by 10%. In the case that we talked about before, this would make the total tax collected on the \$50,000 property, \$55.00, or a millage of 11. If this were done at the same time they placed the 9 mil rate on improvements and the 14 mil rate on land, the rates required to produce the \$55.00 revenue would then be 9 on improvements and 19 on land. If at the time they went to the 5 mils on improvements and 30 mils on land, they needed another \$5.00 increase in their revenue or \$60.00 from this property, this would require 5 mils on improvements and 40 mils on

land.

These examples have been based on a ratio of 5 to one property valuation, and the examples given were based on property with exactly that ratio. Remember that the ratio used will come from a compilation of all the values of land within the city limits, and all the values of improvements within the city limits, and that each piece of property will most likely have a different ratio. You will have higher valued improvements on lower valued lots, and vice versa.

It should be pointed out at this time, that in places where this has been done, between 80 and 85% of homeowners ended up paying less tax than before. This is because their building values in relation to their lot values are higher than the average because many properties figured in the average are vacant lots.

What we have discussed here is a small initial step that could be taken without any loss of revenue, and could also be the means of showing how viable the single tax idea is.

We feel that the results would be very dramatic and would provide impetus to the idea of a complete change over to incentive taxation. Today I'd like to talk about some of the things that have been done in Pennsylvania, together with some of the immediate results, all of which are good. Let's take a look at Pittsburgh first. Way back in 1913, Pennsylvania passed the Graded Tax Law which enabled Pittsburgh to double property tax on land compared to the rate on buildings. The result from this small change was the building of Pittsburgh's famous Golden Triangle of Office Head-quarters. Long before Federal urban renewal aid was available in the '40s and '50s. Unlike most of the later, public tax money financed, urban renewal projects which have fallen back into de-cay, the "Golden Triangle" remains viable today.

In 1979 Pittsburgh doubled its land tax from 49-1/2 mils to 97-1/2 mils while holding the building rate of 24-3/4 mils. In 1980 the land rate was raised to 125.5 mils and then in 1981 to 133 mils. In 1983 it went to 151.5 mils, in 82 the building rate had been raised to 32 mils but in 83 it was dropped back to 27 mils. In 1984 they planned to raise the land tax to 168 mils and drop the building tax to 22 mils.

To give added impetus to new building, in 1980 they passed a law exempting all new construction, that is, the buildings, for a period of three years. Here are some of the results: The value of new construction in Pittsburgh has soared from an average of \$81 million dollars a year in 1976-78, before the tax changes, to an astonishing 351 million dollars a year average in 1980-82, de-



spite a recession that pushed area unemployment to over 14%.

In 1979 new construction jumped 14% as compared to the '77-78 average. Then in 1980 it jumped 312% - and in 1981 to an astounding 590%! There are other factors, but the politicians admit that the main factor is the tax incentive.

Nearby McKeesport did not make a change until 1980, when they increased their land tax to 90 mils and decreased their building rate from 24-1/2 to 20 mils. Building permits averaged 1.7 million dollars a year in 1977-79 before the change and averaged 2.3 million dollars afterward.

Two other small cities in the McKeesport-Pittsburgh area that are almost identical to McKeesport, Clareton and Duquesne, made no changes. New construction dropped 30% in Clareton and 14% in Duquesne, while it went up over a third in McKeesport.

Scranton, Pennsylvania which made its first move in 1979, by putting the land rate to 51 mils while leaving the building rate at 25-1/2 mils, and then in 1980 again boosting the land rate of 96 mils while leaving the building rate the same, was so pleased with their results that they are now considering completely dropping the building tax in favor of putting all the tax on land.

If we tax land more, we encourage landholders to develop their sites more fully. If we untax buildings, we make it easier for them to do so. What makes the incentive taxation so hard to get implemented? Winston Churchill had the answer long ago, when he said, quote: "land monopoly is not the only monopoly, but it is by far the greatest of monopolies. It is a perpetual monopoly, and it is the mother of all other forms of monopoly."

Consider this - less than one percent of all land owners hold 40% of all private lands. Looking at it from the other direction, 78% of the land owners own only 3% of the land. In other words, a few land owners own the bulk of the land while most land owners own only a very small part of the land. Guess which group is more politically powerful?

When government provides roads, schools, hospitals and other services, land values increase. When society at large provides jobs and shopping near by, land values increase. What would be the value of the land site you live on or work on, if these amenities were not available?

Shouldn't the government tax what it and the community at large create - land value - before it taxes what individuals create by

their own efforts? Wages, buildings, and retail sales?

I would like to read to you from an article written by Edward J. Dodson, Senior Mortgage Officer and Manager of the Mortgage Administration Department of Provident National Bank, which was published in the Greater Philadelphia Economist on October 18, 1982. I feel that the subject matter is very pertinent to this discussion and also to Fairhope and the Nation.

Quote: "Depression in America during the 1930's produced tremendous public pressure for real economic and social reforms. The depression's severity challenged the faith of Americans in the socio-economic system and brought an end to the nation's experiment with unbridled capitalism. In response to public outcries, President Franklin D. Roosevelt introduced to The American Electorate a package of economic measures he called The "New Deal."

"Roosevelt promised an end to the mass unemployment and poverty, thought to be caused by the severe swings in the business cycle."

"Previous steps had been taken during the late 1800's to curb the power of such monopolistic economic powers as the railroads. Now, the early 1900's were to be the moment American Government dealt with the remaining industrialists and financiers. In short order regulations were passed in an effort to monitor and control activities of the banking industry and the stock market. From then on, an almost endless stream of government-mandated changes came into existence."

"Government intervention in the economy has continued unabated, supported by an overwhelming majority of the academic community, many of whom have been brought into government as planners and advisors themselves."

"Roosevelt, however, need not be credited with initiating the process of government interference in the economy. The surge of Government activity which occurred during the Depression was inevitable, the potential for disaster having been incorporated in the nation's economic structure right from the beginning. The source of our problems rested, not with whatever failures government and the Federal Reserve System created, but with the adoption of the English system of property ownership and taxation."

"This nation, which had a vast wilderness and untapped natural resources, was essentially free for the taking, except for those sections parceled out by the English Crown. Such a large, sparsely populated land mass provided arriving colonists with virtually unlimited access to the sources of wealth existing and ready

for exploitation. What Europe lacked in the way of free access to land and natural resources, America supplied in great abundance - and did so for more than two centuries. Unfortunately, the pressures of progress and population increase changed the balance between those who owned resources and those who desired their use."

"By the mid-1800's, when new waves of European immigrants began to arrive - and newly-freed blacks entered the economic scheme - America had already been subdivided, parceled out, and put up for sale. Continued immigration and subsequent migration into the nations largest cities simply increased competition for monopolized resources. As competition for jobs increased, particularly at the unskilled and semi-skilled levels, the nations great land-owners who were also our great industrialists, took advantage of the competition among workers for jobs and maximized profits by lowering wages to subsistence levels. The poor no longer benefited from a bountiful unsettled frontier."

"Since economic opportunity could no longer be guaranteed by forces in the market, citizen pressure finally forced government to take an active role. For two centuries, Americans were accustomed to both freedom and prosperity. The conditions of mass unemployment and poverty which arrived during the 1930's were very difficult for Americans to passively accept."

"Consequently, Roosevelt recognized the very real dangers the Republic faced particularly in light of the growing power of the organized labor movement and the interest by certain of its factions in the Russian Communist Experiment."

"Unfortunately for America, here is where President Roosevelt made crucial errors in judgment. Rather than dealing with basic structural deficiencies leading to the concentration of land and resource ownership and the inherent monopolistic nature of that ownership, Roosevelt attempted to address only immediate, symptomatic problems."

"Europe, too, at this time, was searching for answers to its own economic problems. Britain in particular, thought it found the correct formula in the recovery program presented by the famed British Economist, John Maynard Keynes. Keynes advocated an anti-depression strategy based upon the correct theory that government spending for public works projects could infuse money into the economy and thus stimulate economic activity."

"Keynes' theory of demand management has appropriately been described as pump priming by many economists, including Milton

Friedman. Since revenue for such projects could not realistically be raised by increased taxation given the low levels of business and personal incomes, Keynes also accepted the necessity for temporary deficit spending by government."

"Roosevelt and the American economy were barely off the drawing board with such Keynesian programs when Europe once again exploded into war. The American economy gradually shifted into high gear as the demand for war materials grew and the nation entered a period of full employment and maximum production."

"Following the Second World War, Keynes participated in the discussions which were to establish the new world economic structure. Although he died in 1946, his 'anti-depression' theories took hold and formed the basis for American economic policy during the next three decades. Only the impact of the Arab Oil Embargo and the formation of OPEC during the 1970s brought demand management into serious criticism. The economy suffered the consequences of deficit spending and monetary expansion in the form of high inflation and high unemployment - Consequences thought not possible under the post-Keynesian scheme."

"To some extent, it is interesting that many economists have served upon Keynes significant criticism. Given the nature of our underlying economic malfunctions and limited by political considerations, Keynes proposed what was the most feasible policy for stimulating the economy during its long depression. His anti-depression strategies were never intended for continued application."

"Continued government spending on new social welfare programs and military adventures have continued and have contributed to the contraction in real economic growth. As a result, government's competition for private investment funds aggravated the problems faced by American enterprise competing in the international marketplace. Productive activity has diminished in favor of investment of available capital into speculative adventures and tax shelters."

"The new, or should I say, newly-awakened economic orthodoxy outlined by the Reagan Administration has its origins in the 'laissez faire' philosophy of the classical economists, most often pointing to Adam Smith. A reversal of government intervention through deregulation is one mechanism designed to stimulate economic growth." Unquote.

We are bringing the message to the world that we have a very sim-

ple mechanism whereby, with relatively simple changes in our tax methods, we can eliminate pockets of poverty and make it more difficult for the rich to pile wealth upon wealth at the expense of those on the other end of the economic spectrum.

I have been quoting from an article published in the Greater Philadelphia Economist by Edward J. Dodson. I intend to quote further. However, at this time I would like to bring you up-to-date on what he has said and also to interject some thoughts of my own. He has said in effect that the Great Depression of the 30's was brought on by the adoption of the English system of taxation. He has also said that the continued application of a temporary Keynesian theory called pump priming or demand management has brought on the Depression which many feel is beginning to breakup now due to the "bite the bullet" economic programs of President Reagan.

I quote further from Mr. Dodson: "Reduced marginal tax rates on business and personal income have had some success in stimulating savings - although investment in new plant and equipment continue to lag because of high unemployment and reduced consumer demand. For example, although individual retirement accounts, (IRAs), are attracting substantial deposits, many working Americans are so highly leveraged with debt that saving is a practical impossibility."

"Those economists supporting a purer version of classical theory have become known as 'supply-siders' and advocate adoption of additional changes in our system of taxation. Included are the elimination in the distinction between 'earned' and 'unearned' income, a maximum income tax rate of around 25 percent, removal of barriers to international trade (such as tariffs and import quotas), and the elimination of corporate income taxes altogether."

"As with many other essentially sound and economic strategies, the environment in which they are implemented will determine their effectiveness. At the moment, there are simply too many powerful, special interests at work which insure economic policy is dictated by political considerations. It should come as no surprise, therefore, that President Reagan has attempted to blame the current recession on the policies followed during the Carter Presidency, and that his program simply has not been given sufficient opportunity to work. As I have attempted to show, the same can be said for each Administration from Franklin Roosevelt on - and with less visible results as far back as the era of Colonial development." Unquote.

This last point is really the only point where I differ greatly with Mr. Dodson.

I should like to interject that the imbalance of taxes, which brought on the 'Great' Depression of the 1930s has been greatly increased since that time by the addition of more taxes, almost all of which fall on labor and/or the products of labor. As you know, prior to this Depression, almost all taxes were property taxes which fell on land and the improvements thereon. Assuming an average ratio of 4 to 1, \$4.00 on improvements, capital, or the products of labor, to \$1.00 on land and assuming a substantial increase in property taxes, the taxes that have been added, sales, income and etc., have been so substantial that it would probably be very conservative to estimate that the ratio is now 25 or 30 to 1. This means that land is being taxed very lightly in proportion, and allowing the landowners to capitalize more and more into the value of their land and realize it as profit on the land, while labor and capital are being taxed harder and harder and, therefore, being discouraged from performing. This has accelerated the process of the rich getting richer and the poor getting poorer. If we tax land more, it doesn't become less productive, the supply doesn't decrease nor does the use value decrease. In fact, it will generally be more efficiently used. On the other hand, if we tax capital more, it becomes less effective and starts to dry up and if we tax it hard enough, it will disappear. If we tax labor more, it too will become less efficient and it, too, will be discouraged.

The tax on land is the only just and fair tax. It is the only tax that is levied on wealth that is created by the state and the community at large. Taxing labor and capital was the real cause of the Boston Tea Party and it also caused the great migration to the United States when it was a young country.

Last week, there were a couple of callers after our program who condemned the land tax as being somehow detrimental and unfair to homeowners. I would like to point out to these people, that in places where a movement has been made toward 'Incentive Taxation' or the 'Single Tax', as you will, such as in several cities in Pennsylvania, the County of Hawaii, and many places in Canada, Australia, and New Zealand, between 80% and 85% of the homeowners had their taxes reduced under the new tax arrangement.

This is because of the larger share of the tax load being assumed by owners of commercial and industrial land, and by owners who are not using their land. The relatively high homestead exemption in Alabama should increase this percentage by a substantial amount.

Quoting Mr. Dodson further: "In summary, minority pressures for greater political and economic equality - and the perception of Communist Russia as a military threat - have virtually dictated American economic policy during the last half of this century and while political consideration may have warranted the strategy adopted, an economic system which permits continuous concentration of land and natural resource ownership must eventually experience serious economic problems. The process becomes acute when foreign sources of raw materials is subject to similar ownership concentration - which they now are - and when government attempts to stimulate the production of both guns and butter from limited available resources."

"What then should become the economic program for the 1980s? How can we as a nation best approach the problems created as a result of the deficiencies in our economic structure? A fundamental opportunity for real economic reform lies in the Administration's program of 'New Federalism'. At long last, local government is being encouraged to assume primary responsibility for its own economic well-being. Fortunately, local governments have been given a major economic weapon, one which - unfortunately - has for too long been misused, its power to tax."

"Both Keynesian and supply-side economists are aware, that when productive activity is heavily taxed, the result is an inevitable reduction in such activities. When taxes are levied against those things of value created by human effort - factories, homes, machinery, tools - an economic consequence is that fewer such things are produced. The nations wealth either grows more slowly or may even suffer real negative growth."

"Heavy taxation of wages - what is termed 'earned income' - also discourages labor from producing wealth, since government tends to receive a greater and greater proportion of each additional dollar earned. The process of migration which occurred during much of the nation's early growth period was a similar response to a form of non-government taxation by those who controlled the supply and price of land and natural resources."

"During the last 25 years, the combination of monopoly prices on building and construction sites, and heavy levels of government taxation on productive activity, have turned many of our cities into centers of decay and blight. Owners of capital and the most skilled of our laborers have reacted by moving beyond the reach of those who attempt to price them out of business, either to a suburban location, different state, or even overseas. As this process developed those left behind were required to provide through taxation, the funding of more and more government support

programs, designed to replace private sector employment opportunities. The predictable outcome was still more abandonment of the cities by business and an irreplaceable deterioration of the government's tax base."

Last week we pointed out to some doubting 'Thomases' or 'Jims', that where 'incentive' taxation has been applied, it resulted in reduction of homeowner taxes in most cases, due to a larger share of the load falling on commercial, industrial and unused land. What method of taxation can be more progressive than that? 'Progressive' in this sense meaning that it falls the heaviest on those who can most afford to pay and lightest on those who can least afford to pay.

As to the justice or equity of land tax, land value is the only value that can be taxed where the value is created or caused by the taxing authority, or government. I ask you, is it more fair to take away from you that value which you have earned by the sweat of your brow, or by your investment - or is it more fair to take the value which has been produced by the taxing authority and, therefore, should belong to it anyway.

As for ease of collection, land tax wins by a mile. The machinery to collect it is already in place. In fact, that machinery could probably be reduced since it would be a relatively simple matter to keep only land values current compared to land and improvement values. No amount of bookkeeping can hide land.

For the past several weeks I have been reading excerpts from an article by Edward J. Dodson, Senior Mortgage Officer of Provident National Bank, that was published in the 'Greater Philadelphia Economist' in which he told us about the Great Depression of the 30s and the current Depression and what brought them on. Here is the final quote. "Since taxation is the major means of raising revenue for government programs at the local level - most cities are prohibited from extensive borrowing by requirements for balanced budgets - how, then, can such funds be raised, given the relationship between taxation upon productive activity and subsequent economic decline?"

"The only factor in the productive cycle to which high levels of taxation respond differently is that of land - or more appropriately - 'site values.'"

"When site values are properly assessed and significantly taxed, economic activity and growth is stimulated. This is possible because the owner of vacant or underutilized sites must put the site to some profitable use or suffer the consequences of the taxes being capitalized into a negative return on investment."



"For example, a 10% rate of taxation where market appreciation occurs at 10% a year, results in absolutely no gain for the owner. The owner has only two realistic choices: either develop the site for productive use or sell the site to someone who will."

"Revitalization of our nation's major cities must be accomplished if we are to avoid further social unrest and the possibility of violence similar to that experienced during the early 1960s. Adoption by local government of a new approach to taxation, based upon land values and away from productive activity, has potential to make President Reagan's 'New Federalism' program a successful return to local autonomy."

"Worn out factories and other buildings would soon be torn down or rehabilitated, and vacant sites brought into productive, job producing use. At the same time, an increase in private sector activity would reduce unemployment levels and therefore, the demands upon government from income support measures."

"Finally, as University of California Economist, Mason Gaffney, predicted more than 11 years ago, a shift in the burden of taxation off wages and capital improvements and onto properly assessed site values would 'so change the arithmetic of property ownership that virtually no government assistance would be required for urban renewal'. Thus, private investment could achieve in short order what countless government programs have failed to do: provide decent housing and substantially greater employment opportunities to those who remain disenfranchised from the economic mainstream of our society."

Unquote. This is the end of Mr. Dodsons article. I wish to thank him for such a well written article that tells a story that I want to tell, and at the same time, advances my ideas much better than I could.

We have talked extensively about 'Incentive Taxation', 'Land Value Taxation' or the 'Single Tax', if you will, but primarily we have related to urban areas.

I feel that it is now time to talk about farmland because farmland is a great factor in our local situation.

Many farmers feel that land value taxation will be detrimental to their interests. Nothing could be further from the truth. Incentive taxation would benefit all mankind. True, there would be some inequities at the outset, but they would straighten themselves out in short order.

We should all have equal access to nature. It is Gods gift to all of his children - to all humankind. The best way to accomplish this equal access is for the government - the representative of us all - to tax land values before taxing the fruits of individual labor and industry. This is a dictate of moral principle. Let us ask in this pursuing of moral principle, will the farmers be hurt? No doubt they, like everyone else, should pay for their locational advantages which were created by nature and society. But, will they suffer economically? Let's examine this.

All along I have been giving you hard evidence to show that incentive taxation will benefit the total economy. By uptaxing land we encourage its fuller utilization as measured by market demand, since the partial use of land would not bring in enough revenue to the landowner to pay for the higher land tax. By untaxing buildings and wages, we provide additional incentive for this fuller land utilization. Then, wouldn't farmers benefit by living in such a better economy?

If the incentive land tax would encourage the most efficient utilization of land sites, then it would surely promote the agricultural use of land that ought to be used agriculturally. It is hard to see how true farmers - as opposed to farmer-speculators - could suffer thereby. Urban sprawl is a great enemy of the true farmer as well as of the environmentalist.

As cities and suburbs spread outward, leapfrogging into the clean and green country side, the true farmer comes under increasing pressure to sell land. Land prices rise, reflecting the potential urban development and thereby increasing the farmers property taxes. The speculative profit he can get by selling his land to urban developers becomes harder and harder to resist.

Incentive taxation can inhibit this urban sprawl, thereby protecting the farmer on the urban fringe. Such a tax would encourage urban land to be used more intensively thus reducing the need to sprawl into the farmland fringe.

Undoubtedly urban uses must spread somewhat as our population slowly increases, but we need not artificially abet such sprawl by current dis-incentive property tax. The true working farmer should realize that the high price of farmland is his enemy. If he wishes to expand his operation he must pay someone else an exorbitant fee for the privilege of using Gods gift to us all. This is a particular hardship for a new young farmer looking for a place on God's green earth to establishing himself in farming! Only a farmer speculator is happy to see an advance in the price of farmland. For him there is a speculative killing to be made.

The rise in farmland prices is a rise in overhead cost, so the true working farmer should welcome incentive taxation. It will prevent farmland price inflation. If the tax is high enough it could even start to lower the farmland prices that he must pay.

When we ask ourselves just who our farmers really are, the advantages of an incentive tax becomes even clearer. For many working farmers don't own the land that they work, not even in these United States of America.

Consider - only 62% of all farmland is operated by its owner - according to the 1969 United States Department of Agriculture Fact Book, page 29. The rest is operated by tenants and sharecroppers. These non-land owning farmers can only benefit by the low prices of farmland induced by incentive taxation and they can only benefit by being taxed less on their labor, their profits, and their retail purchases. All this is equally true for that vast army of landless farm laborers.

We started exploring the subject of how incentive taxation affects farmers. We concluded that although there may be an increase in land taxes, the farmer would be better off because of improved economic conditions as well as reduced land prices. Research evidence indicates that a land value tax would not materially increase the taxes most farmers would have to pay. Remember, this is without carrying anything out further, as proposed, such as reducing or eliminating other types of taxes.

Stephen Cord and William Ritter of the Center for Study of Economics in Indiana, Pennsylvania studied the impact of land value tax on the farmers in Indiana County, Pennsylvania. This county has a population of 75,000 and is located about 55 miles northeast of Pittsburgh, in the foothills of the Alleghennies. It has only one sizable city, Indiana, population 13,000 which is growing steadily. There are a number of other small towns nearby. Considerable coal mining is done in the county and not a little light manufacturing. Approximately 55% of this area is in woodland and 33% is in crop and pasture. Dairying is the chief farm activity as well as the raising of other farm animals such as sheep, hogs and beef cattle. An important farm activity is the growing of Christmas trees. Cord and Ritter compared the impact of the county's current property tax to an incentive tax shift, wherein the property tax on buildings would be reduced 25% and the tax rates on land increased to make up for lost revenue. Here are their principal findings: More farmers would get tax increases than tax reductions, but these changes would clearly be minor. For half the sample, the tax increases and decreases would amount to less than \$50.00. For another 25% of this sample, the

change, plus or minus, would be in the 50 to 100 dollar range. Farmers experiencing a tax increase were those having significant amount of wasteland, non productive woodlands, substantial coal reserves, long highway frontages or general locations near the growing town of Indiana. The property receiving the largest tax increase \$33,988.00 belongs to a multi-million dollar corporation growing Christmas trees and landscaping shrubbery. The market value of this holding in Indiana County alone amounts to seven million dollars, and the company estimates its total number of trees in the county at 35 million. This \$34,000 increase caused by the incentive tax would not vitally affect this farmer.

Farmers could avoid paying more under the incentive tax, by divesting themselves of the marginal land they do not really need, and by developing more intensely the land they keep.

The effects of incentive tax on future farmland use can only be conjectured, but it would seem highly likely that the price of waste, wooded and brushland would fall markedly because these would be taxed at a higher rate. This would probably lower the price of such marginal land, and thus reduce the amount of tax the farmers who had owned them, would have to pay. The increased economic development in the county occasioned by the incentive tax would provide more job opportunities for the rural young folk in the country who are now leaving the area for job opportunities in big cities. Indiana County farmers might welcome this.

If the rural townships and school districts in the county were to adopt an incentive property tax, then the impact on the farmers as a group would be zero. It would only mean that some farmers would get tax reductions, while others in the township or district would get increases. There would be a shift only within the farming group and not to some other group because in those farming areas there is no other sizable group.

Similarly, if an urban area adopted incentive tax, farmers could not possibly be adversely affected.

Mason Gaffney made a similar study in Wisconsin, and his conclusion was that farmers would generally break even. There are other studies with similar results in Australia. Perhaps the prime example of successful American experience with land value taxation is to be found in the California irrigation districts. The recent report by The United State Congressional Research Service, entitled "U.S. Government Study", reports that 'Land Value Tax Works in California Irrigation District'. In 1887 the California Legislature enacted the 'Wright Act', now known as the 'Irrigation District Act', allowing for the formation of special dis-

tricts within the state for the provision of financing irrigation. A decision for the financing of irrigation or other public improvements is made by the vote of all district residents qualified to vote under regular California Electoral Law without regard to land ownership.

Revenue to support public works is secured through assessments upon the land in the district. The original 1887 Act called for assessing all real property. However, in 1909 an amendment provided for the exemption of improvements from taxation in all districts thereafter created. Existing districts were permitted to come under the provisions of the amendment if they voted to do so. Most of them did, and at present all active irrigation districts assess only land.

The Modesto irrigation district issued a statement concerning the effects of irrigation financed by assessment of land only. Included in that statement was the following: "As a result of the change to exemption of improvements, many of the large ranches have been cut up and sold as small tracts. The new owners are cultivating these farms intensively. The population of both country and city are greatly increased. The new system of taxation has brought great prosperity to our district. Farmers are now encouraged to improve their property. Industry and thrift are not punished by an increase in taxes. Land value taxation seems to have continued to encourage the intensive use of land."

"It earlier had the effect of breaking up large underused holdings, and creating smaller farms under resident ownership and in more productive use. Today though it does not appear to be breaking up the large corporate farms, it does continue to have the effect of keeping the assessed acreage under intensive cultivation."

In order to prevent any hardships or penalties on farmers, even on a temporary basis, there are many things that can be done. For example, we could exempt improvements farmers make on the land such as necessary grading, fencing, conservation tree breaks, artificial ponds, wells, irrigation ditches, etc. These could be considered as improvements and not taxed as land. They are really man-made capital, not nature-made land.

The assessor should decide what is necessary as defined by law, subject always to an appeal process. This will legitimately lower the farmer's taxable land assessment. The land tax for farmers could be adjusted to the agricultural price index so that when the price goes down, so does the farmers land tax. When it goes up, he pays more. When the price is average, so is the farmer's

land tax payment. This should even be done with the current property tax. The purpose is to make it easier for the farmer to pay his land tax by basing his payment on his ability to pay.

We will discuss some more approaches which could be used to equalize the benefits of incentive taxation between urbanites and farmers. In my opinion, farmers would benefit fully as much as anyone.

Another approach to this problem is to tax land in those zones especially adapted to agriculture according to its best agricultural use and defer the additional tax which would be due if the market value of the land were taxed. This full market value would presumably reflect other more intensive land uses such as residential, commercial or industrial. The deferral would be until the land was converted to non-farming use, but it is vital to the success of this scheme that when the additional tax does finally become due it is paid in full with appropriate interest.

This approach involves tax deferrals, not exemptions.

When the recapture of back taxes are not complete, the farmers can still be enticed to sell out at an irresistible land speculation profit, thus defeating the purpose of protecting the agricultural claim. Additional thoughts. This approach should be optional and the individual farmer should be able not to accept deferrals. Also, a farmer accepting this plan should be given five years to pay back the deferred taxes when they eventually become due. Farm improvements could be given immediate property exemption even before other improvements receive them. The lost revenue could be made up by high land tax preferably. All landholdings could be granted a \$200.00 or \$400.00 tax exemption per acre. This would have little impact on urban areas where acreage sells for \$25,000 but it would look mighty good to the owners of \$500 an acre farms. Farmlands could be assessed at a lower ratio of the market value than other land. the land tax bill of poor farmers could be paid for by the state hopefully from a hike in the general land tax rate rather than from other taxes. Farmers in this country make up 4% of the working population but only one quarter of that 4% are full time farmers. Land value tax or incentive taxation would positively benefit farmers which is why they have been foremost in the movement to adopt land value taxation where ever that movement had some success such as in Australia, New Zealand, Western Canada, and Denmark.

Let's recap some of the benefits of incentive taxation: By untaxing buildings, we encourage new construction and renovation. This is good for the total economy, farmers included. By uptax-

ing land, we encourage land owners to put their site to fullest use consistent with market demand. By uptaxing land we encourage the more intensive use of city land and thereby discourage urban sprawl into the clean and green countryside. In the case of land needed for agriculture, this tax will encourage agricultural use. By uptaxing land, we will lower the price of land and make it easier for new, young farmers to get into farming, and we discourage land tenancy.

Although this series has been a labor of love for both Jacquelin McKean and myself, the pressure generated by deadlines over a period of time is awesome.

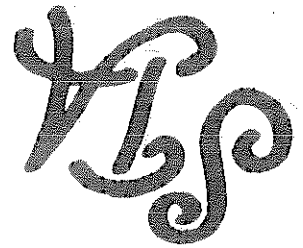
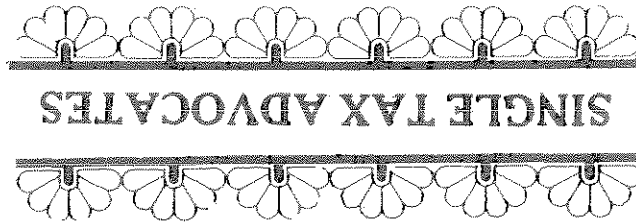
We hope that you've enjoyed these programs as much as we have enjoyed doing them, and we hope that they have caused at least some of you to do a little thinking about the economics of our state and nation. If we've left any questions in your mind that you wish to discuss, contact the Single Tax Advocates at P.O. Box 558, Fairhope, Alabama 36533, or call Don Gooden at 205-928-2215. We wish to thank you for listening and the Single Tax Advocates, for making it possible.

In the words of Tim Crockett, "God bless you every one".

SINGLE TAX ADVOCATES  
P.O. BOX 558  
FAIRHOPE, ALABAMA 36533



# Welcomes you to Fairhope



*We believe in tax on land only - Single tax*

*Single Tax Advocates*  
Post Office Box 558  
Fairhope, Alabama 36533

## Background

In 1869, a westerner, Henry George, appalled by conditions in New York City, wondered why there should be such inequality of conditions in a land blessed with more than enough for all. Vowing to find the cause and remedy for such poverty amidst wealth, he brought forth his book, "Poverty and Progress".

In 1894, an Iowa group, convinced in the rightness of his reasoning, formed an association to apply these ideas, purchasing land and establishing a 'Colony', known today as the FAIRHOPE SINGLE TAX CORPORATION.

In 1979, after 85 years of successfully demonstrating the viability of George's 'Single Tax' idea, this corporation was threatened with legislation to dissolve it. Satisfied Lessees and Friends of the Corporation banded together to overcome this action. This group has remained together as the SINGLE TAX ADVOCATES.

**Meetings:** Meetings are held either on the 4th Monday of the month at 7:30 p.m. or Breakfast meetings, 4th Saturday, 9:30 a.m. at Juliet's

**Membership:** We cordially welcome everyone interested in 'Single Tax' theory and its applications. If you have any questions, feel free to call:

Ruth Tillman 928-5057  
Jacqueline McKean 928-8079

### **Beliefs:**

- To the creator belongs that which he has created
- Community development creates all land value
- Individual's labor creates improvements on the land
- Community should tax only that value which it has created
- Community should not tax that which individuals have created
- Individual land holders should pay to the community a tax for the site value of their land
- These site value taxes on land should produce sufficient revenue for all community services and improvements
- There should be no need for any other taxes

*We believe in tax on the land only -  
ie: 'Single Tax'*

### **Purposes: To Preserve the ideals of 'Single Tax' principles**

**To Support** the FAIRHOPE SINGLE TAX CORPORATION in their practical application of 'Single Tax' principles

**To Promote and Sponsor** ongoing education on 'Single Tax' philosophy

Fairhope Lyeum is the educational arm of the SINGLE TAX ADVOCATES. A ten week course in fundamental economics is taught annually, and forums on community interests are offered periodically.

*Fairhope Lyeum*