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the courage to think

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NEWS AND COMMENT

Timely Tax Facts

THE SINGLE TAX

What It Is and Why We Urge It
By HENRY GEORGE



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THE SINGLETAX LEAGUE OF TEXAS

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A WORKING PROGRAM

The present system of taxation is almost universally condemned. The General Property Tax broke down fifteen years ago in Texas, failed to meet the general revenue needs and has been supplemented since by various and sundry taxes on business. The excuse for these burdensome occupation and gross receipts taxes is that we need and must have more money. The effects of these business taxes are added costs of production, checks on business and increased cost to the consumer.

In place of the "uniform rule" of taxing "all property" we propose the adoption of an amendment to the Constitution providing that "all land" shall be assessed for taxation. We want to emphasize the fact that "no tax shall be imposed on personal property or on improvements in or on land." The proposed amendment will leave to the Legislature the power to impose an inheritance tax; income tax on natural persons and corporations other than municipal; and also very properly leaves to the Legislature the power to levy occupation taxes upon persons and corporations whose business comes within police powers.

QUESTION

Shall we make Common Sense a regular monthly publication? It can be started and made self-supporting with 2,000 paid subscriptions, at \$1.00 a year each. A circulation of 10,000 well scattered through the State would make it impossible for the 39th Legislature to repeat the tax raids on business which have been made by the 38th Legislature.

It will cost you but a few moments thought and a two cent stamp to tell us what you think of this proposition. Texas needs a change in her tax system. What can we do to bring it about at an early date with the least possible disturbance of orderly business? Give us your opinion.

THE SINGLETAX LEAGUE OF TEXAS

225 West Poplar Street

San Antonio, Texas

NEWS AND COMMENT

I propose to beg no question, to shrink from no conclusion, but to follow truth wherever it may lead. Upon us is the responsibility of seeking the law, for in the very heart of our civilization today women faint and little children moan. But what that law may prove to be is not our affair. If the conclusions that we reach run counter to our prejudices, let us not flinch; if they challenge institutions that have long been deemed wise and natural, let us not turn back.—Henry George.

It is not fair to censure the Legislature for the many burdensome tax measures introduced. The State must have more money each year, and it is idle to disclaim against that fact. We have had fifteen years notice of the fact that the General Property Tax had broken down and failed to meet our needs. Not a single rational step has been taken to remedy the evil so there is nothing left to the Legislature but to reach out for some kind of business taxes. Our troubles can be laid at the doors of the people at home rather than our Representatives at Austin.

Western Canada is still a good field for the tax investigator. A majority of the cities in Alberta and British Columbia get practically all revenues from land values only. And they like it! The Canadian Pacific Railroad in its land advertisements, features the fact that improvements and personal property on the farms are exempt from taxation.

Denmark recently adopted new taxation proposals submitted by Mr. Neergaard, the Finance Minister. The budget includes a general tax at the rate of $1\frac{1}{2}$ mills on the dollar on the selling price of all land apart from improvements. This is in addition to the existing tax of 1.1 mills on the selling price of real estate, which includes land and buildings. This will no doubt lead to a still further application of the land values tax. It is at least far ahead of what we now have in Texas.

There is a base line for interest rates. This base line today is United States Liberty bonds $3\frac{1}{2}$ s. They sell at par and above. The conclusion to draw is that money can be had at $3\frac{1}{2}$ per cent where there is no risk, no tax burdens and the security is convertible at any time.

All interest rates above $3\frac{1}{2}$ per cent carry some added element of risk, taxes and the lack of ready sale or conversion. The borrower, whether individual, corporation, municipality or State, must pay in additional interest all taxes paid or liable to be paid. No way yet has been found to tax the lender.

Do you want to dodge the Income Tax? If so, I can show you how. Just put your money into unimproved land and hold on to it.

Pittsburgh claims to have the most progressive system of taxation in America. It produces the revenue and at the same time stimulates business. This law, locally referred to as the Graduated Tax Law, was enacted in 1913. It provides that the municipal millage on buildings as compared with that on land, shall be reduced 10 per cent for the years 1914 and 1915, and an additional 10 per cent each three years thereafter, until the millage on buildings shall be 50 per cent of that charged on land.

The business interests of Pittsburgh are not satisfied to stop at the 50 per cent line.

Resolutions adopted by the Executive Organizations of the Allied Boards of Trade of Allegheny County, Pennsylvania:

Resolved, that we prepare and introduce in the Pennsylvania Legislature and urge for speedy passage the following bills:

First: A bill or amendment to what is known as the "Pittsburgh Graded Tax Law" which will immediately reduce the tax on all buildings or improvements on land to 1 per cent of the amount levied on land.

Second: A bill or amendment which will give counties and school districts the right to vote on the proposition of reducing

their tax on all buildings or improvements on land, livestock or machinery to 1 per cent on the amount levied on land.

The Manufacturers' and Merchants' Taxation League, of New Jersey, has not been so successful as Pittsburgh. New Jersey still has the General Property Tax similar to Texas. Pennsylvania's Constitution and laws are more liberal. Manufacturing interests in New Jersey are at a disadvantage as against the more liberal tax laws of Pennsylvania and New York. The State will have to fall in line or else lose standing as an industrial commonwealth.

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THESE ARE FACTORS UPON WHICH THIS
INSTITUTION IS BUILT

SAN ANTONIO, TEXAS

Let's study some tax facts here in San Antonio. It is important that you know them. The totals of 1922 assessments were as follows:

Land	\$ 79,467,930
Improvements	50,776,010
Personalty	49,208,090
Total	\$179,452,030
City Tax Rate, 2.15%.	
Total City Revenue, \$3,858,253.	

If land only were taxed it would have required a 4.85% rate on present assessed values to produce the same revenue.

How would this effect the taxes on your homes? Take for example a modest home with—

Lot assessed	\$1,000
Home assessed	3,000
Total	\$4,000
City Tax Rate @ 2.15%, tax.....	\$86.00
Land Values Tax @ 4.85%, tax.....	48.50
Saving	37.50

Then take a vacant lot of like location and value:

Lot assessed	\$1,000.00
City Taxes as now	21.50
Land Values Tax	48.50
Increase	27.00

We will now note the assessments of one of our largest industrial concerns:

Land	\$ 60,880
Improvements	106,890
Personalty	440,680
Total	\$608,460
City Taxes	\$ 13,081
Land Values Taxes	2,952
Decrease	10,129

It does not follow that this concern would retain all or even any part of this saving. It would retain all that it could but under the pressure of freer conditions a good part might have to be distributed in better wages to employees or lower prices to customers.

San Antonio last year charged against improvements and personal property \$2,150,000 in taxes. Can you realize what a relief to enterprise it would be if these two millions and more dollars had been taken from the socially created land values instead of labor values of our people?

THREE RIVAL CITIES

San Antonio, Dallas and Houston, the three largest cities in the State, are growing and naturally pressing hard for business. Trade territory overlaps and success will finally rest with the city that has the lightest overhead burdens on business.

Taxes are no small factor in this trade game. No one for a moment would claim that it is the only factor nor the chief one in trade competition, but it can prove to be the deciding factor. We deem this matter important enough to place the 1922 assessments of these cities before you. We are also noting the percentage of land value assessments of the total.

1922 ASSESSMENTS

SAN ANTONIO, TEXAS

Land	\$ 79,467,930
Improvements	50,776,010
Personalty	49,208,090
Total	\$179,452,030
Land 44% of total.	

DALLAS, TEXAS

Land	\$ 71,661,675
Improvements	51,219,375
Personalty	65,312,750
Total	\$188,193,800
Land 38% of total.	

HOUSTON, TEXAS

Land	\$100,449,630
Improvements	56,158,260
Personalty	31,774,630
Total	\$183,382,520
Land 53% of total.	

It will be seen from this that the business men of Houston have a decided advantage over their chief competitors. There is another striking item in these three city assessments that deserves special attention. Personal property in Houston totals but 31 millions as against 49 millions in San Antonio and 65 millions for Dallas. These tax handicaps are bound to account for much in the long run. This comparative statement is worthy of careful study by the business men in all of these cities.

THE SINGLE TAX

WHAT IT IS AND WHY WE URGE IT

By HENRY GEORGE

I shall briefly state the fundamental principles of what we who advocate it call the Single Tax.

We propose to abolish all taxes save one single tax levied on the value of land, irrespective of the value of the improvements in or on it.

What we propose is not a tax on real estate, for real estate includes improvements. Nor is it a tax on land, for we would not tax all land, but only land having a value irrespective of its improvements, and would tax that in proportion to that value.

Our plan involves the imposition of no new tax, since we already tax land values in taxing real estate. To carry it out we have only to abolish all taxes save the tax on real estate, and to abolish all of that which now falls on buildings or improvements, leaving only that part of it which now falls on the value of the bare land, increasing that so as to take as nearly as may be the whole of economic rent, or what is sometimes styled the "unearned increment of land values."

That the value of the land alone would suffice to provide all needed public revenues—municipal, county, State, and national—there is no doubt.

To show briefly why we urge this change, let me treat (1) of its expediency, and (2) of its justice.

From the Single Tax we may expect these advantages:

1. It would dispense with a whole army of tax gatherers and other officials which present taxes require, and place in the treasury a much larger proportion of what is taken from the people, while by making government simpler and cheaper, it would tend to make it purer. It would get rid of taxes which necessarily promote fraud, perjury, bribery, and corruption, which lead men into temptation, and which tax what the nation can least afford to spare—honesty and conscience. Since land lies out-of-doors and cannot be removed, and its value is the most readily ascertained of all values, the tax to which we would resort can be collected with the minimum of cost and the least strain on public morals.

2. It would enormously increase the production of wealth—

- (a) By the removal of the burdens that now weigh upon industry and thrift. If we tax houses, there will be fewer and poorer houses; if we tax machinery, there will be less machinery; if we tax trade, there will be less trade; if we tax capital, there will be less capital; if we tax savings, there will be less savings. All the taxes therefore that we should abolish are those that repress industry and lessen wealth. But if we tax land values, there will be no less land.

- (b) On the contrary, the taxation of land values has the effect of making land more easily available by industry, since it makes it more difficult

for owners of valuable land which they themselves do not care to use to hold it idle for a large future price. While the abolition of taxes on labor and the products of labor would free the active element of production, the taking of land values by taxation would free the passive element by destroying speculative land values and preventing the holding out of use of land needed for use. If any one will but look around today and see the unused or but half-used land, the idle labor, the unemployed or poorly employed capital, he will get some idea of how enormous would be the production of wealth were all the forces of production free to engage.

(c) The taxation of the processes and products of labor on one hand, and the insufficient taxation of land values on the other, produce an unjust distribution of wealth which is building up in the hands of a few, fortunes more monstrous than the world has ever before seen, while the masses of our people are steadily becoming relatively poorer. These taxes necessarily fall on the poor more heavily than on the rich; by increasing prices, they necessitate a larger capital in all businesses, and consequently give an advantage to large capitals; and they give, and in some cases are designed to give, special advantage and monopolies to combinations and trusts. On the other hand, the insufficient taxation of land values enables men to make large fortunes by land speculation and the increase of ground values—fortunes which do not represent any addition by them to the general wealth of the community, but merely the appropriation by some of what the labor of others creates.

This unjust distribution of wealth develops on the one hand a class idle and wasteful because they are too rich, and on the other hand a class idle and wasteful because they are too poor. It deprives men of capital and opportunities which would make them more efficient producers. It thus greatly diminishes production.

(d) The unjust distribution which is giving us the hundred-fold millionaire on the one side and the tramp and pauper on the other, generates thieves, gamblers, and social parasites of all kinds, and requires large expenditure of money and energy in watchmen, policemen, courts, prisons, and other means of defense and repression. It kindles a greed of gain and a worship of wealth, and produces a bitter struggle for existence which fosters drunkenness, increases insanity, and causes men whose energies ought to be devoted to honest production to spend their time and strength in cheating and grabbing from each other. Besides the moral loss, all this involves an enormous economic loss which the Single Tax would save.

(e) The taxes we would abolish fall most heavily on the poorer agricultural districts, and tend to drive population and wealth from them to the great cities. The tax we would increase would destroy that monopoly of land which is the great cause of that distribution of population which is crowding the people too closely together in some places and scattering them too far apart in other places. Families live on top of one another in cities because of the enormous speculative prices at which vacant lots are held. In the country they are scattered too far apart for social intercourse and convenience, because, instead of each taking what land he can use, every one who can grabs all he can get, in the hope of profiting by its increase of value, and the next man must pass farther on. Thus we have scores of

THE TEST

I believe, that a tax on land values is just and equitable, easily administered, cannot be shifted and imposes no hardship on any one.

I believe, the sooner this is adopted and put into practice the sooner will we get rid of unemployment, involuntary poverty, and the crimes and disease that follow in the wake of these.

I pledge to lend my influence and such time as can be taken from my daily task to bring about this change.

I pledge that I will contribute \$.....a year, payable This pledge to stand until the purpose of the League is accomplished or notice of withdrawal given.

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