

**Single Tax Principles
That Inspired
Fairhope's Founders**



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**FAIRHOPE SINGLE TAX
CORPORATION**

Fairhope, Alabama

THE SINGLE TAX

The founders of Fairhope were single taxers who came to Baldwin County in November, 1894. In February of that year, prior to coming South, they had incorporated in Des Moines, Iowa as the Fairhope Industrial Association. Ten years later, after favorable legislation had been adopted by the Alabama legislature, they were reincorporated as the Fairhope Single Tax Corporation.

The constitution of both corporations contained the following article: "Purpose. Its purpose shall be to establish and conduct a model community or colony, free from all forms of private monopoly, and to secure to its members therein equality of opportunity, the full reward of individual efforts, and the benefits of co-operation in matters of general concern."

To accomplish this purpose they adopted the principles of the single tax as stated and explained by Henry George in his great book, *Progress and Poverty*. The single tax is not a complex intricate plan that can be understood only by advanced students of economics and governmental controls.

The single tax is based upon the obvious conclusion that all men are common heirs to the earth upon which they must live, and from which, by their labor, they must extract everything that ministers to their continued existence and the satisfaction of their ever expanding ambitions and desires. It recognizes the natural right of every man to be the sole owner of that which his labor has brought forth, subject only to his individual desire, our existing tax laws to the contrary notwithstanding.

Since much of that which results from man's labor on the land cannot be separated

from the land upon which it is produced, it follows that to have for himself the full ownership of that which he has produced he must have exclusive title to the land involved in the production. To prevent such exclusive title from constituting a denial of the equal rights of all others the single tax requires the holder of such title to pay into a common fund, for the equal benefit of all, an annual rental (single tax) equal to the value of the special privilege of exclusive title to the land.

This value is not measured by such use or misuse as the holder may make of the land he holds. Rather it is measured by the market value set by those who want land to use at its fullest productive capacity. This makes it unprofitable to hold land out of use or for inferior uses. Consequently, if the principle of single tax were applied by government, as its public revenue policy, poorly or wastefully used land would have to be put to its most productive use to make its holding profitable. Since the holding of land put to no productive use would be a total loss to the holder all such land would become freely available to provide employment to labor and capital with which to meet the ever expanding needs of a progressive and ambitious people.

The greatest common need of men living in a social organization is government. Since the rental value of land reflects, in large part, the value of the services performed by government, the amount derived from that source should be sufficient to pay the full cost of an honest and efficient governmental administration. With the expense of government paid from the common fund resulting from its collection of the community created rental value of land no other tax would be needed.

Almost all of the revenue upon which gov-

ernment now relies is derived from taxes that increase the cost of production and the price at which goods can be profitably sold. The demand for goods and services is limited by the volume of purchasing power available to consumers. Purchasing power derives from three sources. The first is wages paid to labor, without which nothing of value can be produced. The second is interest paid to capital, the use of which is essential to maximum production. The third is rent paid for the use of land, without which there can be no employment of labor or capital. The drain on natural purchasing power resulting from tax inflated prices of all goods and direct excise taxes on many; and its further reduction as a result of income taxes, leaves the consumer with insufficient funds to purchase the goods with which the market has been supplied.

There must follow a curtailment in the volume of production. Opportunities for employment decrease, further diminishing purchasing power, and the whole economic structure is crippled. Manufacturers cannot adequately maintain their productive equipment and pay interest on invested capital out of the returns from the reduced production. Distributors cannot dispose of stocks that are constantly diminishing in value. Tax income of government, dependent in large part on production and distribution, is decreased and the country finds itself in the grips of a recession or a fullfledged depression.

While government may not be considered to be a direct and active force in the production of goods it is a most valuable aid. The volume of production resulting from the functions of labor and capital is greatly increased by the functions of government. Without government to provide fire and police protection for property, public high-

ways, essential to the transportation of goods and the maintenance of communication, and sanitation to guard and protect the health of the people, both the efficiency and the incentive of labor and capital would be greatly reduced.

Few will question the rights of labor and capital to receive proportionate shares of their joint product. Under the single tax the government, not the land holder, is entitled to that portion that is now paid to the so-called "owners" of land, as rent. Ownership is a term that can be properly applied only to those things that come into existence as a result of man's labor applied to land. Land, by its nature, and by reason of man's necessity to use it must be treated as common property so far as rent is concerned, if justice is to prevail.

With land, in all its essential aspects, becoming common property by the institution of the single tax, the primary cause of unemployment, and of employment at less than full wages would be removed. Were government to levy upon the title holders of land, and demand payment, of the full rental value of the land so held, the demand for labor and capital to bring the land to its highest productive capacity would insure continuous full employment.

Many of the social ills suffered today may be traced to the lack of full employment. It is the lack of opportunity for gainful employment that results in much of the minor and major crime in which school and college age youth become involved. The same lack may reasonably be assumed to be responsible for much of the adult crime. There is, we believe, good reason to expect that the increase in wages resulting from the demand for full employment, would have the effect of return-

ing many presently employed mothers to the care of their children and management of the home, restoring it to full effectiveness as a highly valued social institution.

Unfortunately the financial means of Fairhope's founders did not permit them to secure for their demonstration, land that insured the highest return to labor. Also unfortunate is the fact that they could not purchase a solid block of sufficient area to embrace the entire community that has come to exist as a result of their initiative. While it would be impossible, on a limited scale, to secure all the benefits to be reasonably expected from a general application of the principles of the single tax, these defects must be conceded to make the Fairhope demonstration less effective than it might otherwise have been. However few will argue that Fairhope has not been benefitted and is not now benefitting from the application of single tax principles to the land the Fairhope Single Tax Corporation owns.

C. A. Gaston, Secretary