

## WHAT IS THE TRUE TAX RATE AND WHAT IS BEST

Response to article in Next Big Future

By Scott Baker Futurist 1-23-16

The article in Next Big Future (<http://nextbigfuture.com/2016/01/what-is-true-tax-rate-and-what-is-best.html>) has too many wrong points to refute in a single comment. On taxation issues, I suggest you read chapter 2 of my book: *America is Not Broke!* ([americaisnotbroke.net](http://americaisnotbroke.net)) or see the slideshow I gave to the Henry George School (hint there) last June at the Slideshow.net site <http://www.slideshare.net/ScottOnTheSpot/america-is-not-broke-49657588> or at [Opednews.com](http://www.opednews.com) where I am the Economics Editor: [http://www.opednews.com/Diary/America-is-Not-Broke-A-Bo-by-Scott-Baker-Austerity\\_Banking\\_Debt\\_Economic-150731-425.html](http://www.opednews.com/Diary/America-is-Not-Broke-A-Bo-by-Scott-Baker-Austerity_Banking_Debt_Economic-150731-425.html).

The simple and snide remark that government doesn't produce anything ought to be easily refuted by anyone driving a car over a road, or relying on a license (continued on p. 12)

## WHAT IS THE TRUE TAX RATE (from page 5)

to drive that weeds out (mostly) the incompetent and the average 5-year old from being behind the wheel of a 2-ton potential death machine. And no, I do not trust the average parent to decide whether junior is ready to get behind the wheel. At the same time, the private sector is just as capable of spectacularly screwing up as the public sector; witness the last economic crash (see *The Big Short* for a more entertaining version. No government there! Except one that barely regulated the rigged-casino (worse than a regular casino) asset markets).

But the author asks, "What is the best single tax?" And the answer is literally called The Single Tax, and has been since the late nineteenth century when Henry George wrote his best-selling opus: *Progress and Poverty* (1879). It is the Single Tax on Land (Land being in classical economics (continued on page 13)

## WHAT IS THE TRUE TAX RATE (from page 12)

ALL of nature, including location). Under the cannons of Adam Smith, we know that taxation should be:

1. Light on Production (doesn't interfere with economic choices)
2. Easy and cheap to collect (low overhead)
3. Certain (can't be avoided)
4. Fair (equally applied to all)

There are a few others, but these are the most important. See slide 14 of my slideshow.

The only tax that meets all of these criteria is the Single Tax on Land. First, we have to realize the tax on real estate is really 2 taxes – one on buildings and one on land (location). We ought to get rid of the first part since by taxing buildings we discourage building. However, by taxing Land we actually get better and more efficient use of Land.

The Henry George Theorem is supported from economists from Milton Friedman (who called it "the least bad tax – we actually think it is pretty good!") to Joseph Stiglitz who notes that rent-seeking, primarily land speculation, is how most corporations are getting rich these days, not through making products and services.

The Land Value Tax is not really a tax at all, it is just collecting the rent on the commons including location, for that which is given value by our collective demand. If the rent is NOT collected for the public good, it goes unfairly into private hands – i.e. to the landowner who did nothing to create the locational value. The rent never disappears, but society has a choice to make in whether to let it go to those who deserve it or to those who are just in the right place at the right time or who were just "first."

And these are not small amounts either. Long-time Georgist professor and advocate Mason Gaffney calculates there is \$5.3 trillion in economic rent – see second video here: [http://www.opednews.com/articles/Cheating-and-the-Corporate-by-Scott-Baker-Cheating\\_Corporate-Accountability\\_Corporate-Communism\\_Corporate-Corruption-Crime-131124-187.html](http://www.opednews.com/articles/Cheating-and-the-Corporate-by-Scott-Baker-Cheating_Corporate-Accountability_Corporate-Communism_Corporate-Corruption-Crime-131124-187.html) - when you account for about 16 different types of Land: see Gaffney's lengthy article here: [economics.ucr.edu/papers/papers08/08-12old.pdf](http://economics.ucr.edu/papers/papers08/08-12old.pdf). It's not called the Single Tax for nothing!

The Georgist tax is perhaps the most proven economic theorem in existence, with hundreds of studies showing it works by producing more growth and less deadweight burden wherever it has been fairly applied, from Harrisburg, PA to Singapore etc.

I see you have but a single link, uncommented upon further, to an article on the Land Value Tax: <http://a-place-to-stand.blogspot.co.uk/2012/06/land-value-tax.html> but unfortunately, this is not a very good one. For one thing, no Georgist I know, and I know most of them, would ever advocate a voluntary tax on land for obvious reasons. First, those who could pay would overpay just to retain their land, while others might lose their land by mistakenly underestimating the value of their property. We need official and unbiased tax assessors, and good computerized databases. Fortunately, we have both in the most dense and valuable urban areas.

We Georgists generally DO agree that the poor widow problem can be alleviated by deferral – that is, not collecting the accumulated land value tax until the property is sold or the owner dies and the property passes on to the next owner.

The true Single Tax is the only truly "fair" tax – unlike the so-called Fair Tax, which is really unfair to the poor. It is the tax to end all other taxes.

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