

Local Gradualism: Georgism for the New Century

The Single Tax is a worthwhile goal:

(1) If each person owns the fruits of his own labour, then labour is the *sole* ethical justification of the ownership of property – in which case only things which can be produced by human labour are justifiably ownable. That excludes land. God got there first, before humankind.

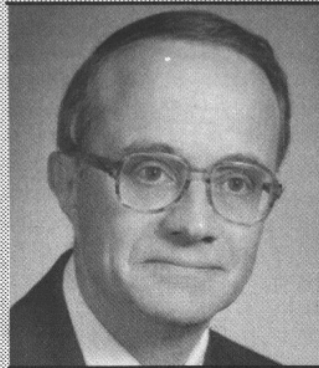
The entire product is produced by labour and capital, in which case landowners are not entitled to share in the product. Tax land rent, not labour or capital.

Legal property might sanction the private ownership of land, as it once sanctioned property in people (slaves), but ethical property can sanction only that which is produced by labour. That eliminates private property in land-rent and slaves.

(2) If we tax labour and capital, we'll have less of those things. If we tax land-rent instead, we tax land into fuller use, thereby creating economic growth. In the United States, *all* 17 empirical studies show that when the taxes are shifted to land-rent, there occurs a spurt in new construction and renovation within three years, and towns which undertake such a shift out-construct and out-reno-vate comparable neighbours (building-permits issued, on file in each city hall, are the measure of the new construction and renovation). There are many corroborating studies, particular from other countries which have had similar results.

So we can conclude that the Single Tax (which collects land-

rent for the government instead of taxes on labour and capital) is a very desirable long-term goal. But in the short term, in the foreseeable future, it is not obtainable. We have tried for 121 years to get it enacted somewhere, anywhere, with no success at all. This continued failure has depleted the ranks of 100% Single Taxers. The morale of those who are left is low. But small though our numbers may be, we have had signal success in getting land value taxation implemented at the local level. To get to the Single Tax, we must first con-



vince people with empirical economic arguments that the land value tax works; we must get it adopted in city after city until the Single Tax becomes a viable possibility. That could take fifty years. There are no short cuts. We cannot convince by rational argument alone; our prospects can be reached only with empirical evidence. But that requires that we get localities to adopt some land value taxation (LVT), and then we have to

show that this LVT has good results. This approach can be termed Local Gradualism.

We must take our eyes off the horizon. Single Taxers must concentrate on what can be accomplished (what has been accomplished) in the foreseeable future. It may be easy to announce to the world the arguments for the Single Tax – but almost no one is listening. We have to do the hard work of building the empirical case for the Single Tax – city by city. There is great joy in success, in seeing localities blossom under

be implemented). As for local politics, Single Taxers must realize that it is there, in local city halls and likesuch, that LVT rates for the next year are determined. Land speculators naturally congregate there – shouldn't Single Taxers? LVT rates are never determined in academic conferences or public meetings. If Single Taxers aim at the wrong target, they won't hit the right one.

In the foreseeable future, Single Taxers must abjure the voters (there are too many of them and they are likely to oppose LVT in their ignorance) and assessors (they are naysayers). School board and city council members, school superintendents and mayors, also budget directors – they are our natural prospects.

Some Single Tax dreamers say that the Local Gradualist approach is failing. In Australia, New Zealand and South Africa, many LVT localities are abandoning their LVT. But Single Taxers there criticize Local Gradualism (they want to do it all at once; so do I, if it can be done) and fail to alert government planners, through newsletters and advertisements, about the many empirical studies supporting LVT. Anyway, after 121 years these are the only Single Tax victories. The battle for them is never-ending (good news: in America, local LVT – Local Gradualism – is spreading).

Most people abandon a failed approach after a few years, let alone 121. If Single Taxers continue to fail, poverty will engulf the Free World.

by Steve Cord

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the aegis of land value taxation; there is nothing but frustration in the unavoidable failure to get the Single Tax adopted now. Abjure the unobtainable.

The principal obstacles for Single Taxers are: implementation and local politics. We must make sure that our local prospects understand exactly how they are to tax land values. Such knowledge is by no means obvious (even most Single Taxers don't know how LVT can

PENNSYLVANIA

Continued from page 5

cussion or study by policymakers in New York, Iowa, Washington, Maryland, Connecticut, Maine, and Nebraska.²

This spread of the land tax idea came strictly from the two-rate application.

GOVERNMENTS will be unlikely to loosen their grip on the socialization of incomes and production unless there's compelling evidence that the third way of economics – land – works. Would the prestigious (and absolutely Establishment!) Brookings Institution have recommended the two-rate out of the blue? Not likely. And yet:

Local personal taxes commonly take three

forms: sales taxes, wage or income taxes, and property taxes, the latter being the most common. A residential property tax has two components—a land tax and a tax on the value of the structure. The land component of the residential property tax should be assessed on an equal basis with the business land tax, again providing incentives to develop in neighbourhoods with low land values, as well as preventing speculative land banking.³

From Greenpeace to the Sierra Club to Medecins sans Frontieres, human beings have discovered that "Think globally, act locally" is an effective strategy for marginalized ideas and people. Let's not lose sight of Henry George's call for a world where everyone is

respected and the earth belongs to all. But in reaching for the vision, we mustn't lose the toehold established by local activism.

REFERENCES

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- 2 Brunori, David, "Metropolitan Taxation in the 21st Century," *National Tax Journal*, Sept. 1998.
- 3 Edward W. Hill and Jeremy Nowak, "Nothing left to Lose Only Radical Strategies Can Help America's Most Distressed Cities," *The Brookings Review*, Summer 2000, Vol. 18(3), pp. 22-26.

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