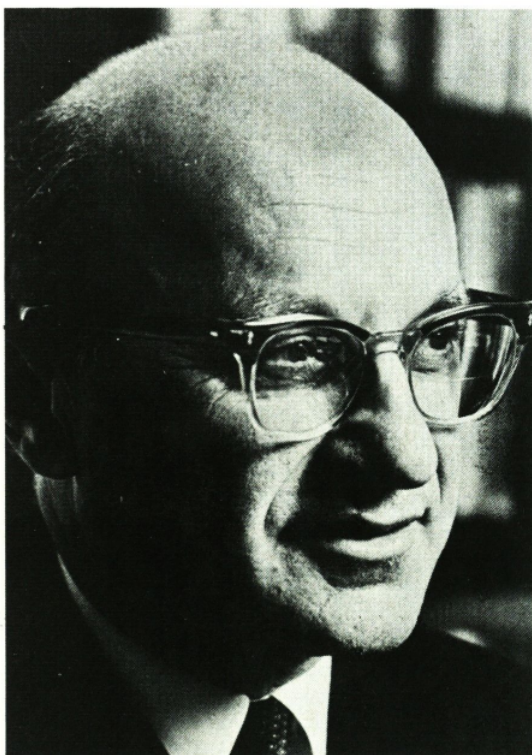


LAND & LIBERTY

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In Defence of Wages...



The tax we can't do without

"There's a sense in which all taxes are antagonistic to free enterprise—and yet we need taxes . . . So the question is, which are the least bad taxes? In my opinion the least bad tax is the property tax on the unimproved value of land, the Henry George argument of many, many years ago."

—economist Milton Friedman quoted in *Human Events*, Nov. 18, 1978.

IRELAND'S urban workers have now taken to the streets to protest against the tax discrimination which hammers their wages while conceding privileges to farmers. The demonstrations in Dublin disclosed a mass appreciation of what is fundamentally wrong with the fiscal system: an understanding which is all the more striking because it reveals that ordinary workers have penetrated the confusions of policy which bedevil Western economies. Their anger expresses forcibly the demand for reform. In this issue, we argue a case which may appear paradoxical: farmers ought to actively promote the need for land value taxation. Such a proposal is a possibility in Ireland (the Irish Sovereignty Movement advocated it in March), despite the landowning lobby's grip on the political system. Much, however, depends on whether trade union chiefs now provide the right leadership, mobilising their members as a driving force for change to relieve the tax burden on the owners of labour and capital, the active agencies in the wealth-creating process. **TENANTS** would not lose out. Under competitive conditions, a tax on land values cannot be passed on in higher rents. But under present monopolistic conditions, landowners can squeeze unfair rents out of their tenants. Indeed, farm rents have now become an issue among members of Britain's National Farmers' Union. About half of the UK's farmers are tenants. They are feeling the pinch on their incomes, for landlords are pressing for higher rents. In addition, a heavy tax would reduce the buying price of land by removing the speculative element—making it easier for prospective farmers to break into agriculture. As it is, farmers have to borrow heavily to lay their hands on the extra acres they need to expand their holdings. Some **LANDOWNERS** would also gain. For revenue from land value taxation would be offset by reduced levels of taxes on earned incomes and on the goods and services which they buy as consumers. If, however, they suffer a net loss—because in the past they have relied on unearned rental income—the community would enjoy a net gain through the dynamic effect. Landowners would make up their incomes by working productively—like the rest of us. And the economy would grow at an accelerated rate, thanks to the removal of the disruptive influence of speculation in land which periodically enforces a sub-optimum use of resources.