

letter from the editor

A suggestion often put forward is that the rent collected as land tax should be shared as a basic income for all citizens. Tax for government obligations will still need to be put on production and on wages, with all the distortions that brings. Such a scheme seems to its proponents a just way for the whole community to benefit from LVT. Others propose that a proportion of LVT be given as a basic income and the rest fund government. Others again propose that anything left over from government obligations should be shared as a basic income.

Proponents of such schemes do not properly understand the law of rent. They see LVT merely as a fund collected from landlords and then equally shared out to everyone. The injustice of land monopoly is thereby corrected. In principle this would make it no different to present redistribution systems where tax on the highest incomes is given as support to those on lowest incomes.

But the law of rent is not a principle for redistribution of incomes. It distinguishes all forms of private income or wages from the value created by the presence of the community. It is a 'commons', like the land itself. Dividing the land up equally between all citizens would serve no good purpose. It would bring the economy to a halt. It is the same with the value created by the community. Distributing it equally to all would turn it back into private income. For many home owners it would amount to a large rebate of LVT, while others would receive back only a tiny proportion. And marginal production sites would be subsidised from rent from the advantageous production sites. In other words, 'rent' would remain private income. Its proper and natural use as a commons would remain abused.

If the collection of the land value as private income in the first place is wrong, how is this remedied by sharing it out as private income? I suspect this muddle is due to thinking of wages and rent as mere quantities of money, and that there could be various ways of sharing them out. But this is not what Henry George proposed. He proposed that each should receive their full wages, and that the rent value arising through the presence of community be collected as the common fund for all common necessities and amenities, for the things that nobody can buy individually. The courts of law, defence, education, scientific research, street lighting, energy, health and so forth all require a common fund to be administered effectively. George observed that the land tax would be equal to the funds needed for these things, and ample for more cultural amenities. Culture again is a 'commons'.

Proponents of how LVT should be used need to think through the economic effects of their proposals. The present pandemic shows us very clearly that public health is a commons, and that we are collectively responsible for one another. Without public funds the research for a vaccine would be impossible. No private individual has the financial resources for such community needs. The fact that the NHS in the UK was not properly resourced for a pandemic indicates a failure to understand that 'saving' on costs for the public needs is both irresponsible and economically unsound. The burden of borrowing to meet this need far outweighs what adequate preparations would have required.

Again, the failure to properly resource public funds springs from a false notion of money. Funding our common needs is counted as a cost, a loss of money that could be spent on private consumption. This way of thinking suits the land speculators who also seek to avoid funding our common needs and duties. Does a father regret what he spends on his children and imagine it would have been better spent on himself? It is no different with the community or nation, which is our extended family.

Apart from a misunderstanding of money and the law of rent underlying such proposals of LVT distribution there is also a misunderstanding of the nature of community. Proposals to share LVT equally with all are based on a false notion of equality. They are based on the notion of the private individual as self-sufficient and in no need of the community. But an amalgamation of private individuals is not a society. Society itself is a 'commons'. The study of economics is the study of what rightly belongs to the individual and what rightly belongs to all in common. Injustice arises when these two are confused. The extreme of communism is unjust because it takes all as common. The extreme of liberalism is unjust because it takes all as private. Both are equally unjust and economically impoverishing. Henry George disputed with both.

George proposed the simple justice that each should receive the full wages for their labour. At present they do not because of land and other monopolies. Some receive for no labour at all. This is not remedied by any kind of redistribution, whether funded by a land tax or any other tax. And any kind of redistribution will always look unfair to many, and rightly so because it would be unfair.

If we imagine for a moment that every household owned their own home, how would an equal redistribution of LVT work out? Obviously it would mean that those living in the north of the UK would pay less LVT and receive perhaps all of it back again. The south would in effect subsidise the north, while rent itself would remain private income, only by way of redistribution. It would not become a commons. In other words, land owners would remain the beneficiaries, but some more than others. How could this be equitable? In plain terms it would be a misapplication of the law of rent and the natural community fund expressed in that law.

Some suggest that using LVT for a redistribution scheme would make LVT look more attractive. But this is to distort the law of rent in order to make it more attractive for selfish people. The challenge Henry George set before us is that only justice can solve the problems of inequality, and justice requires an understanding of the distinction between the individual and the community, the private and the common. All natural laws, including economic laws, arise from and express community.



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