

LVT: a Darwinist view



THE GOAL of the nation state is to create conditions as favourable as possible for the biological-cultural selection of individuals and groups of individuals, while simultaneously maintaining an adequate capacity for military defence.

This is my basic premise, which implies a rejection of the welfare state. It does not imply a rejection of collective arrangements for social security, but the basis for such arrangements must be cost accountability for recipients of benefits, in some form or another.

The superiority of land value taxation as a fiscal policy is well known, but it should not be used to finance social welfare costs. Such costs should be left for collectives to which individuals choose to belong.

The basis for the conception of land value taxation (LVT) is the notion that all land (in a wide sense including every natural resource) essentially belongs to the national State. The State lets out the right to use a unit of land on the basis of the ability of the tenant to contribute to the nation's military defence from production on the land.

In principle, every piece of land should go to the highest bidder, where the distribution of a bid over time is discounted with the appropriate interest rate. Of such a bid only a

DR. STIG ROSENLUND, the author of this controversial article, published a book in Sweden 15 years ago which attempted a synthesis of evolutionary theory, ecology, economics and politics. Entitled *The New Method* (and only available in Swedish), the book adopted a social Darwinistic perspective. The author is pictured (above) in Stockholm.

Rosenlund, now aged 41, undertook research in mathematical statistics for his Ph.D. His work is published in *Technometrics* and *Naval Research Logistics Quarterly*.

He says: "I started delving into economic history, and I came across Henry George's ideas. I soon realised that land value taxation was the only sensible tax. It is historically based, and I would prefer it to be the only tax."

But Rosenlund rejects the welfare state. "Land value taxation," he claims, "cannot finance all of what is now financed by the State. I believe in collective arrangements, but these should be more of a voluntary association between individuals to take care of their needs."

Readers are invited to respond to Rosenlund's strongly-held views. Letters should be as brief as possible, to enable us to publish a wide spread of views.

minor proportion need actually be paid in rent (= LVT) in peace time.

In the implementation of the principle there must be sufficient

margin of superiority of a new bidder over the old tenant in order to force a shift of lease right, because of errors in measuring the values of bids and because of the cost of a transfer of lease right.

In a state of biological equilibrium (a hypothetical construction like the equilibrium concept in economics, since there will always be a dynamic development) all surplus value of production available for the defence force can be extracted via a land value tax. In a state of non-equilibrium, where not only land but also labour and capital command surplus value of production over cost, all surplus value cannot be extracted via LVT.

In a case of military emergency, resources can be extracted through individual taxation, but it would be preferable to rely on borrowing if LVT is not sufficient. All revenues from LVT go to defence and to activities to enhance land values in general not feasible for individuals or unions of individuals due to external effects (the classical example being the holding of bees for the pollination of large areas of neighbouring land; another example is basic research not easily covered by patent rights).

The remainder of government expenditures are covered by user fees on a strict cost accountability basis.

LAND TAXES are coordinated with fees on external environmental effects (pollution). These environmental effects can be thought of as the use of land (natural resources) originally defined as belonging to some other unit of land.

Insofar as these effects are concerned with the health of people and animals, regard should be taken to the ability of organisms to adapt genetically through natural selection; this will lead to a lower estimation of damages compared to what one would arrive at if only the short run perspective were considered. The damage today is what it is, but it is compensated for by the longer-run advantages of the natural selection it induces. In general, external environmental effects must be rationally evaluated. There is a lot of emotionalism in the environmental movement.

'The basic goal: to create incentives for survival in a hostile world'

In this ideal system, no social transfer payments from the national government exist. Social safety nets, medical care, education, etc., are left entirely to individuals and groups of individuals (families, tribes, corporations, etc.). This is essential from a social Darwinist viewpoint. A multitude of forms for cooperation between individuals in groups must be allowed. The most efficient ones will be favoured in the long run by the process of biological-cultural selection. Also, forms which bond individuals strongly in a formal way must be allowed, since such forms will admit investment in human capital on an equal basis with investment in machinery.

This is a broad outline of a social Darwinist conception of society in general, and the tax system in particular. These principles are in fact those which, historically have governed nations. The basic goal is to create maximal incentives for as fast as possible development of society under the unavoidable restriction of a hostile world.

In the long run, LVT as a single tax will be reinstated everywhere. This will be effected through selection between nations; unavoidably, less efficiently governed nations will be vanquished by more efficiently governed nations.

'Slipshod' farming – the winners and losers

RICHARD BODY is an extraordinary man. Relate that he is a farmer, and Conservative MP for a Lincolnshire constituency, and the reader tends to typecast him. Yet he is a first-rate Free Trader, a most trenchant critic of the National Farmers' Union, and an anti-Common Marketeer. While I don't think he would call himself a Georgist, his *obiter* remarks on the land problem suggests that he is moving that way. He has an excellent mind and documents his thoughts with impressive statistics.

Dick Body's new book, *Farming in the Clouds*, is as good as its predecessor, *Agriculture, the triumph and the shame* – which says much. Both works are concerned with the paradox that, on one side of the medal, British agriculture has increased its production enormously since the war. But what lies on the other side?

The number of people working on the land, farmers and farm workers alike, has declined dramatically. Many of the more pleasant features of the English countryside – trees, hedges, flowers, birds, butterflies and so on – have declined no less dramatically. The taxpayer has already given – in present-day money values – over £60,000 million since the War, and his rate of contribution has increased sharply since we joined the Common Market. Everybody who buys food is aware that food prices have gone up a good deal faster than most prices; while everyone who travels abroad is aware that the cost of a meal in Britain is now higher than practically anywhere else in the world – the very opposite of conditions twenty years ago or less.

These apparently disparate facts mesh together, as Dick Body shows. There is an obsession with "productivity". That sounds good economics, whatever harm it may do elsewhere, but is it even good economics?

"Productivity" can mean various things: productivity per acre; productivity per man; or productivity per pound invested.

● Preoccupation with productivity per acre persuades people to add masses of fertiliser to their fields, at very high cost, to increase grain yields. It persuades them to grub up hedges (at the taxpayer's expense), with shocking effects on wild life. It persuades them to add all kinds of toxic pesticides, whose long-term effects on the consumer are unknown. If the farmer is a meat-producer, he probably crams his unfortunate victims into tiny cages, and supplies them with a most unnatural diet, while he injects or stuffs into them a host of antibiotics and hormones. In short, he treats those creatures in a way which would incur prosecution if the animals were pets, or if they were intended for laboratory experiments.

The farmer gets caught on the "productivity cycle", from which he cannot escape. Anyone who cares for his hedgerows, or for the quality and well-being of his livestock, is forced either to conform with the mass of his colleagues, or else must go out of business to make way for somebody who will conform.

● Productivity can mean yield per man-hour, in which case, the message is clear: reduce the number of people employed on the land!

There are about a third as many people working on the land today as there were in 1946. Little farms, when they are offered for sale, are sucked into the great *latifundia*. Why, you may ask, does not the NFU scream at the massacre of so many farming colleagues?

Book Review

By Roy Douglas

Some years ago, I was a candidate in a Lincolnshire constituency and saw the answer to that one. The local NFUs are stuffed with people whose farms and incomes are big enough to enable them to spend market day in the best hotel in town, where they can deal with NFU business – while the little man has to work round the clock to keep himself alive.

The NFU doesn't tell us what the farmers think, it tells us what the big farmers think.

● Productivity can also mean yield on capital. Such a test isn't a very good one nowadays, for so many things are done to distort it. We pay the farmer for doing one thing, we penalise him for doing another, and we teach him to expect support from the taxpayer for all eternity.

So a combination of slipshod thinking and slipshod economics (the two often go together) has produced an incredibly costly system from the point of view of taxpayer and consumer. Does it, despite all that, somehow add to the quantity of food in a hungry world? Would it be a good thing, from the point of view of world food supplies, if we sank millions of pounds into growing bananas in heated greenhouses on the top of Ben Nevis? It would mean taking resources from other more useful things, from other and more efficient means of food production. Does it help the poor countries of the world to subsidise sugar beet, and thereby ruin their industry, which produces sugar far more efficiently from cane?

Who, then, are the beneficiaries? Not the British taxpayer nor the British consumer. Not the farm labourer, who is a drug on the labour market. Not the small farmers, who are being driven rapidly out of business. Not the hungry nations, who are in many cases becoming hungrier as a result of these policies. In the short run, the big farmers have benefitted; but already there are signs that their days are numbered, and they will eventually be driven out by agricultural corporations. The fertiliser and agricultural chemical companies, and some manufacturers of farm machinery, are riding high; and so are the bureaucratic parasites of Brussels.

Meanwhile, successive governments – whether they fly the "economy" flag at the masthead or not – go on doling out public money. They now have the cast-iron excuse that the lines of policy are largely set out for them by the EEC. The farmer, like the inveterate gambler, notes his "winnings" from the system, but he doesn't notice his losses.

Dick Body puts the arguments a great deal better than I have done. Read this book.