**Introduction** to the volume:  
**Land Value Taxation Around The World**

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**I Scope and Definitions**

THE PREFACE TO the first edition of Land-Value Taxation Around the World (1955) opened with a descriptive statement that was repeated in the Introduction to the second (1997), and is equally applicable here: "This book deals with the efforts made by various peoples to take for public purposes their geographically and socially produced land values."

Taking land values for public purposes is an object of which the American political economist and social philosopher, Henry George (1839-1897), is universally acknowledged to have been the most famous, eloquent, and thoroughgoing exponent. In his best-known work, Progress and Poverty (1879), and in numerous other books, articles, and speeches, he called for the public capture of nearly all land value (i.e., economic rent), and the proportionate abolition of taxes on the products of private labor and capital.

Advocates of land-value taxation range from those at one extreme, who view it as the sovereign path to social justice, to those at the other, who see it merely as one of several useful fiscal tools to garner local revenue and/or stimulate desirable development. Between these two extremes--whole-hog "single-taxers" and limited land-value taxers--may be located a diverse spectrum of opinion including those who regard themselves as Georgist in a general sense, but who do not view "singleness" as precluding certain other levies such as users' charges to supplement the public appropriation of land values. However, even "Georgists of the looser observance" would agree that land-value taxes should be set-off against taxes on the rewards of productive effort instead of being simply piled on top of them. Any land-value taxer unwilling to accept that proviso would not be a Georgist but, at most, a "fellow-traveler."

Land-value taxation is understood in all three editions to encompass more than a
literal construction of the term would indicate, for the public capture of "geographically and socially produced land values" sometimes takes other forms with respect to method. Since "land" in economics is a synonym for Nature, severance taxes [1] on extractive resources may (under certain circumstances and either singly or in combination) be an appropriate mechanism for such capture. Where land is publicly held, its rent may flow directly into public coffers without passing in the form of taxes through the hands of private owners. Some attention will be paid to both of these alternative approaches in this volume, but the primary focus will be on land-value taxation in the narrower sense, i.e., on site-value rating.

Severance taxes of one type or another are so widespread that anything like a full survey of them would enlarge this work unduly. They are, however, treated to some extent in several chapters, most notably with respect to oil in the chapter on Abu Dhabi, with respect to timber in the chapter on Finland, and with respect to a variety of natural resources in the chapter on Canada.

Public ownership of land in an overall framework of capitalism is a distinctive characteristic of Hong Kong and Singapore, and leasehold rent a major segment of their public revenue. This is described in detail in the chapter by Professor Phang.

Obviously, some economic rent is appropriated by public authority in all countries through other means—most notably income, estate, and "capital gains" taxes. But (with a few exceptions such as South Korea's differential levy on "capital gains") in most such cases it is lumped together with other returns in such a way as to defy separate identification, and hence cannot be dealt with in these pages. One should note, however, that land tends to enjoy so many special tax advantages that there is reason to believe that the land-based portion of public revenue from these sources is much smaller than might otherwise be supposed.

Efforts to capture land values for the public through legislation not specifically designated for that purpose have generally proven ineffectual in the long run. The United States income tax is a case in point. The Sixteenth Amendment, having removed the constitutional roadblock to a direct federal tax not apportioned among states by population, freed Congress to define taxable income any way it chose. Congress might have limited taxable income to realized land rents, or possibly even to the annual rental value of land. Instead, however, the Revenue Act of 1916 merely
included land rent as part of taxable income. Prominent Georgists, led by Rep. William Warren Bailey of Pennsylvania, were instrumental in fashioning the tax in such a way that, for a number of years, it bore lightly on earnings and heavily on land rent and other monopoly profits. [2] But, over the past half-century, the rent component of the federal income tax has steadily and drastically declined, making the tax increasingly a burden on the work and enterprise of the median citizen.

II  A Personal Standpoint

IN THE PREFACE and Acknowledgments, I mentioned that some contributors "express personal opinions with abandon." Yet, the fact that the chapters constituting the chief body of the text are intended to consist chiefly of factual reporting has tended to impose a degree of constraint upon their authors with respect to the temptation to make their overall standpoints explicit. That is doubtless as it should be, but in this Editorial Introduction, I have not felt so constrained. If any readers of the second edition may have harbored doubts about my being a Georgist, such doubts should be fully dispelled here. I offer no apologies for being a Georgist.

To be a Georgist, however, does not mean subscribing to the notion that everything that emanated from Henry George's pen must blindly be accepted as infallible Holy Writ, or that no aspect of his system is open to question. Contrary to what some people mistakenly believe, Georgism is not a cult. It may inspire deep loyalty and fervor, yet it maintains no establishment for the determination or preservation of orthodoxy, and its most ardent adherents are quick to point out their disagreements with the master--whether as to terminology, interest theory, monetary policy, or whatever. To be a Georgist is simply to believe that, in the main, on the most vital points, more than any other political economist or social ethicist, Henry George had it right.

It is not my wish to plague my readers with the minute terminological distinctions that preoccupy some Georgist colleagues, but certain definitions cannot be avoided here: Unless otherwise specified, the term "rent" throughout this book should be understood as used in classical economic theory, i.e., as signifying the imputed periodic--typically annual--value of land (exclusive of improvements, expenses of cultivation and maintenance, and costs of management) as determined by the
market, regardless of whether or not that value is realized in payments. It should not be understood in the broader contemporary theoretical sense, which applies it to all monopoly returns, land-based or otherwise. In some British Commonwealth countries, the meaning as used here is conveyed by the noun "rental," but this definition of "rental" is not included in the unabridged Oxford English Dictionary, or in any other dictionary of which I am aware; hence, to sometimes speak of "rental value" as a synonym for rent is not to be guilty of redundancy. Occasionally, we shall employ the locution, "land rent," which is technically redundant; we do so merely to provide recurring emphasis as a reminder of what is meant.

Were a site's rent to be socially appropriated in full for the foreseeable future, its capital or selling value would be extinguished, but the site would continue to bear non-speculative rent since its ability to do so is in no way affected by whether that rent be appropriated by society, on the one hand, or by a private owner, on the other. It is perhaps for this reason that some enthusiasts for terminological nicety insist that a distinction be made between rent and land value. George, however, frequently used the terms interchangeably, and to depart from his example at this stage would be both tedious and futile.

For the most part, the terms "land value" and "site value" are also used interchangeably in this book, although in economics "land" embraces the whole of Nature, including some motile phenomena such as wildlife, whereas "site" denotes a fixed location.

A comment is in order about the word "taxation" as applied to land values, for a land-value tax is not, properly speaking, a tax at all. A tax, strictly understood, is a levy imposed without respect to benefits received. A land-value tax, however, is what Walter Rybeck has aptly termed a "super user charge," [3]--a payment for a very fundamental benefit indeed, namely, the exclusive use and disposition of a site or natural resource at the expense of the rest of the community. If this were not a new edition of a book with the phrase "land-value taxation" already in its title, my inclination would be to jettison the term in favor of one more descriptively accurate, such as, for example, "public charges upon land values," which happens to be the title of a study about which I shall have something to say a bit later. In Australia and New Zealand, the current tendency is partially to supplant land-value taxation at the local level with user charges for various amenities, evidently because of failure to
appreciate that a land-value tax is itself the most basic user charge of all. If sufficient rent is publicly collected, no additional user charges should be necessary for site or neighborhood-specific benefits, for the value of such benefits will be reflected in the rent.


INASMUCH AS this volume is essentially intended as a factual survey, the reader may be perplexed to find in it anything that might conceivably be construed as an appeal to revelation. Its topic, land-value taxation, may appear on the surface to be prosaic and mundane. Yet land-value taxation has not only a profoundly moral aspect (which I shall briefly discuss a little later), but also a Biblical forerunner or analogue in a plan of social justice that finds partial, if often much attenuated, application in the arrangements that this book describes. For land-value taxation, while certainly supportable on purely fiscal grounds, is, above all, a means of achieving social justice.

There is unintended symbolism in the convergence in time of this millennial edition of Land-Value Taxation Around the World and the movement that calls itself "Jubilee 2000." The Old Testament institution from which the latter takes its name was one feature of the plan to which I have alluded. But while forgiveness of Third World debt, as called for by Jubilee 2000 and endorsed by contemporary religious leaders from Pope John Paul II and Archbishop Desmond Tutu to the Reverends Billy Graham and Pat Robertson, may or may not be justified, depending on the circumstances, it has little or nothing to do with the authentic Jubilee concept of debt forgiveness as set forth in the twenty-fifth chapter of Leviticus. That concept was based on equity rather than on mere compassion for the poor, and was integrally related to a regime of land tenure and public revenue designed to create and maintain equal access to natural and community-created opportunity.

The object of the Biblical Jubilee was not to impede the discharge of legitimate contractual obligations. It was to assure that illegitimate ones would not occur. It was to assure that "the land [could] not be sold forever," [5] and that, hence, long-range monopoly and the permanent division of society into hereditary "haves" and "have nots" could not arise. For under its provisions, no-one could permanently alienate the patrimony of later generations.
The royal "Clean Slate" proclamations of ancient Babylonia (described by Michael Hudson in chapter 1) have obvious affinities to the Jubilee provisions in Leviticus; quite possibly, both drew upon a common, earlier tradition. Each called for the periodic restoration of land which had been pledged as security and forfeited for unpaid debt. But the latter was part and parcel of a coordinated structure designed to secure to each family and generation within the Hebrew commonwealth the equal right to the use of the land, of which God was recognized as the sole absolute owner.

In the Book of Numbers one finds a description of how a census of the Hebrew tribes and families was taken on the plains of Moab before they entered into the Promised Land. Every tribe (except for Levi, for which other provision was made), and, within each tribe, each family, was to receive its proportionate share, depending on its size. [6] To ensure fairness, the final apportionment was to be by lot. [7]

As recounted in the eighteenth and nineteenth chapters of the Book of Joshua, the actual distribution of land in keeping with these stipulations was concluded at Shiloh. According to Josephus, the territory was not divided into shares of equal size, but rather into shares of equal agricultural value. [8] But Talmudic commentary held that value was determined by location (distance from Jerusalem) as well as by fertility. [9]

I have mentioned that the tribe of Levi did not share in the equal division of the land. This is because it was set apart for priestly functions. Since the early Hebrew polity was theocratic, these functions embraced the carrying out of what we would consider governmental duties as well as ceremonial ones. [10] To bring the Levites' ministrations within the reach of all the people, they were given official residences and surrounding acreage in forty-eight cities, [11] but that was only a small fraction of what they would have received had they been born into any other tribe. The tithe, one tenth of the produce of the land occupied by the eleven other tribes, was instituted partly as an indemnity to the Levites for the equal share which they did not receive in the division, [12] and partly as payment for their public service. Thus it was, in point of fact, a land-value tax, and operated as a mechanism for effectuating the substance of equal rights to land, alongside of and compatible with unequal physical division of the land itself.

As land reformers in modern times discovered, it is one thing to devise a one-time apportionment that is fair, and quite another to keep it that way. That is why the
Mosaic Law established the Jubilee Year. At the end of every forty-nine years, any alienated lands--those given away, sold, or lost from unpaid debts--would be restored to the original families. (Temporary possessors were to be compensated for any unexhausted improvements they had made. [13]) Thus the value as collateral of landed property diminished as each Jubilee Year approached, and with it, the possibility of forfeiture because of loans that could not be repaid. Concentrated ownership and the partition of society into landed and landless classes, was thereby prevented from creeping into the system. The Jubilee effectively took the profit out of mere landholding as such, leaving no incentive for speculation.

There is no chapter in this book devoted to the Mosaic land system because many scholars hold that it was never fully implemented. [14] If their opinion is correct, that in no way invalidates the statutes' wisdom and justice, but merely demonstrates that the nation that had been privileged to receive them was not exempt from all-too-human arrogance and folly--a judgment recorded in its own sacred writ: "They have rejected the law of the Lord, and have not kept his statutes." [15]

It is certainly not my intention to suggest that the Mosaic plan could be used as an exact blueprint in a society that has moved past the pastoral or agricultural stage. But the public appropriation of economic rent, whether through an annual tax on land values, through a system of leasehold, through a tax on the abstraction of resources from nature, or through some combination of these, can, if sufficiently robust, accomplish the same objectives for our time.

**IV  The Moral Case for Land-Value Taxation**

THE MORAL CASE for land-value taxation is clear enough. It represents an indemnity to the rest of society for the privilege of monopolizing something the owner did nothing to create, and the market worth of which is a social, not an individual, product. Such a levy is, as George put it, "the taking by the community, for the use of the community, of that value which is the creation of the community." [16]

Under a Georgist regime, everybody would pay society for the use of land, according to its market value. Those who own land would pay directly. Those who do not, would pay indirectly via their landlords, who would keep a small percentage of the payment as an agency or collection fee. The proceeds would be used for purposes of
general benefit in lieu of taxes on labor and capital. This contrasts with most present systems, in which people who don't own land pay twice--first to the landlord, for the privilege of using the land, and second, to the government for public services. (Of course, I am using the term "landlord" in the literal sense; if the same individual happens to own the building in which one lives or conducts a business, one's payment for the use of it, as distinguished from the land under it, is actually interest on capital, and would not be subject to social appropriation under Georgism.)

Heavy imposts upon land, even if offset by reductions in income and/or other taxes, will be decried as confiscatory by some parties on the excuse that the land was purchased in good faith under the protection of the laws existent at the time. But this assertion (which could apply equally to almost any change in the tax structure that might have an adverse effect upon anyone) rests upon the assumption that every transaction is entitled in perpetuity to the same legal protections as those under which it was entered into--an assumption that, if valid, would render all reform, or, for that matter, nearly any kind of legislated change, impossible. Whenever public authority does anything that constitutes a policy departure, someone's expectations are bound to be negatively affected, yet nobody contends that all present policies should therefore be carved in stone. Why then should policies that affect landowners be any different? People have the right to speculate in land just as in pork bellies or Picassos, but regardless of what they put their money into, society is under no obligation to ensure that their speculation be risk free. Practical wisdom, of course, dictates that changes insofar as possible be phased in gradually enough to enable people to make necessary adjustments, and this applies to the taxation of land values as it does to other matters.

At this juncture, it may be apposite to mention a point much emphasized by William S. Vickrey, the 1996 Nobel laureate in economics who died three days after learning that he had been chosen to receive the prize: The cost of public infrastructure may be defrayed at little or no expense to the general community merely by tapping the increase in land values generated by that infrastructure. [17] This seems only fair. (In hardship cases, the increased tax obligation could be permitted to accrue and its payment postponed until time of sale, transfer or death--or until the arrearage reduced the market price to zero, which would trigger forfeiture of title to the public.) It is the rationale behind the several forms of "betterment levy" that have been used with varying results in Great Britain, Colombia, and elsewhere, but may
also be used to justify a straightforward land-value tax, which is more transparent, less complicated to administer, less subject to influence by special interests, and has no distorting impact on the market.

As the late P. I. Prentice (longtime vice-president of TIME, Inc.) never tired of emphasizing, the general property tax is really two separate taxes, opposite to each other both in terms of moral justification (or the lack of it) and in terms of economic impact. The tax on land values is the recapture by the community of a social product; the tax on improvements is a toll laid by the community on individual efforts and their fruit. The tax on land values cannot be shifted from the owner to the user; the tax on improvements is routinely so shifted. The tax on land values stimulates improvements and productive use; the tax on improvements discourages them. And the list could go on.

To the extent that the rent of land is not appropriated for social purposes, the fruits of private effort, initiative, and productive savings are almost certain to be so appropriated. The burden of proof lies with one who would contend for the moral superiority of the latter.

V Economic and Fiscal Considerations

THE REMAINING ARGUMENTS for land-value taxation have to do with economic efficiency, on the one hand, and such fiscal considerations as ease of administration, and revenue stability and adequacy, on the other.

The first of these may be stated simply: If a sufficient percentage of a parcel's economic rent must be paid annually to the community regardless of how or whether the land is being used, its owner will have a compelling incentive to put that land to its optimum use or to sell it to someone who will, instead of holding it for speculation or (as is common in some Latin American countries, for example) merely for reasons of prestige. By "squeezing the speculative water" out of land prices, the policy makes land more readily available to those who could not otherwise afford it, and the purchase price is less apt to absorb funds needed for development, or to weigh the buyer down with a ponderous load of debt. Critics with a superficial understanding of the principle imagine that it would force all land into use and lead to overdevelopment. They fail to consider that economic rent reflects potential for
optimum not maximum use, and that some land bears little or no economic rent. Instead of overdevelopment, there would emerge a more compact and rational pattern of development, with a wholesome reduction in the number of vacant and underused lots in urban centers, and a countryside not eroded by suburban sprawl. This compact pattern of development would cut the cost of public services. Insofar as the public capture of economic rent permitted the abolition or reduction of taxes on the returns to labor and capital, that much income would be freed up to raise living standards and/or for productive capital investment. Thus it may be seen that the impact of a substantial land-value tax is not (as is often claimed) merely neutral in the sense of causing no distortions in the economy at large, but actually positive, a conclusion set forth and demonstrated in detail by Nicolaus Tideman. [18]

The last set of arguments is fiscal in nature -- i.e., they focus on social appropriation of land rent, not in its larger aspects, but merely as a source of public revenue.

Administration of any property tax is largely a matter of assessment. Unless assessment is both accurate and up-to-date, the successful operation of land-value taxation is severely compromised. Where sales are infrequent or there are no other parcels with similar characteristics in a vicinity, the valuation of a site may present difficulties, yet sophisticated techniques have been developed to deal even with situations such as these. Computers, aerial cadastral mapping, and other technological innovations make for greater uniformity of treatment, rendering the process less susceptible to personal and political pressure. [19]

In many jurisdictions, land and improvements are assessed separately although they may be taxed at the same rate. Where all real property is assessed at the same rate on the basis of land alone, the procedure is manifestly easier than where improvements must be included. Classification, exemptions, and differential rates introduce complications, but they are not insuperable.

Assuming a representative form of government in which official records are readily available for scrutiny, and provision is made for appeal at open hearings, a public revenue system based heavily on land-value taxation is as nearly corruption-proof as any public revenue system can be. This is not only because of the oft-mentioned fact that land cannot be moved or hidden, making illegal avoidance of a tax on it well-nigh impossible, but also because if such a tax accounts for a large enough
proportion of people's public revenue obligation, their attention will be so focused on it that each property owner will habitually examine the rolls to compare his or her assessments with those of others. Under such circumstances, favoritism is practically impossible to conceal, and therefore unlikely to be attempted.

Land-value taxation has long been recognized as an unusually stable source of public revenue. In fact, the Georgist single tax on land has been criticized for being too stable, i.e., so inflexible as to be incapable of adjustment to changing fiscal needs. That is because it takes the total rent, less a small percentage which the owner is allowed to keep as an agency or collection fee. But the Georgist contention has always been that the single tax is far more than just a fiscal measure, and that its positive effects upon the economy would render many government operations (e.g., welfare) superfluous.

Of course, there is no source of public revenue that is wholly unaffected by the vicissitudes of the general economy. It is patent that a collapse in land values that precipitates or accompanies recession will constrict a tax base that depends upon them. But a land-value tax of sufficient magnitude, introduced incrementally, will forestall recession by providing a perpetual non-inflationary stimulus to the economy in terms of production and purchasing power alike. Land prices will fall as the incentive for speculation disappears. Yet even if a site's speculative value plunged to zero, so long as it still had use value, it would continue to yield rent. In fact (as demonstrated in Australia and elsewhere), the stimulus might well eventually raise its use value to a level higher than its former speculative value. Far from shrinking, public revenue would increase along with the increase in productive activity.

According to the standard wisdom, a sine qua non for a system of public revenue is that it be broadly based. It is argued that if revenue is drawn from many and varied sources, it is less likely to be seriously affected should any of them dwindle. It is argued, moreover, that the more widely the burden is spread among the various interests, the more lightly it will weigh upon any one of them.

This is all very well as far as it goes, but other considerations are also relevant: The more numerous and varied the sources, the more complex must be the system, and hence the more elaborate, expensive, and inquisitorial the collection apparatus and process. Sometimes the argument that public revenue must be broadly based is
couched in terms of equity. Thus the sales tax is defended because "it spreads the burden more evenly to all consumers of public services." [20] But equity does not necessarily call for widespread distribution of the burden where the distribution of benefits is not similarly widespread; in fact, many would maintain the contrary. At best, one might concede it to be desirable that public revenue be broadly based, all other things being equal. Yet I trust that I have shown that, in the case of the land-value tax, all other things are not equal.

What is probably the most uncompromising and also the most theoretically elegant assertion of the adequacy of land value as a tax base was advanced by Thomas G. Shearman. It was his contention that it is logically impossible for the average annual cost of necessary government ever to be greater than the average annual value of its land:

How can any government be necessary, which costs more than the privilege of living under it is worth? And what is the cost of the privilege of living in any particular place, except the ground rent of that place? ... Any pretended taxation which takes more from the people than this is extortion, not genuine taxation. [21]

The less local the jurisdiction, the more attenuated Shearman's argument becomes, so that the case for financing national defense, for instance, out of rent is not so clear and unequivocal as is the case for thereby financing services such as local law enforcement. Yet the advantage of being located in a free country with secure borders might conceivably confer rent even upon a site that had little else to recommend it.

Shearman believed that, after legitimate expenses of government at all levels had been defrayed by rent, an annual surplus of about thirty-five percent would remain (which he, contrary to George, advocated leaving wholly in the hands of the landholder). There are commentators who think it probable that, when Shearman made his calculations around the turn of the nineteenth century, he was not far off the mark.

Despite the force of Shearman's a priori reasoning, one frequently encounters the assertion that, although his estimate may have been accurate enough in his time, land rent would not be sufficient to meet the warranted costs of government today.
One's opinion as to the warranted costs of government will, of course, depend in large measure upon one's opinion as to the legitimate functions of government. But suppose, for purposes of discussion, that we were to concede that the "rent fund" would fall short of the amount needed to maintain government that was as modest and frugal as it could be without becoming inadequate to fulfill essential functions. Would that be an argument against using it as far as it would go? In actuality, while we have no reliable contemporary estimate of the total quantity of rent, we do know that assessment figures are notoriously and often ludicrously low, and that, even when realized as income, rent is often concealed by being classified statistically under other headings. In view of this, when one deducts corporate welfare and other forms of privilege from the costs of government, it is not unreasonable to believe that Shearman's view of the sufficiency of rent might be well within the bounds of sober conjecture even now, at the dawning of the twenty-first century.

No fiscal instrument, however enlightened or potentially far reaching, operates in a vacuum, and land-value taxation is no exception. For example, in Hungary, Austria, and Weimar Germany, the runaway inflation that followed World War I undercut the nascent legislated programs for land-value taxation before they ever really had a chance to prove themselves, and paved the way for the ascendency of totalitarian rule that crushed them altogether. Apt indeed is Will and Dorothy Lissner's admonition that "economic and social advances are dependent upon monetary stabil." [22]

VI The Empirical Record

BECAUSE THE DEGREE of land-value taxation in operation is usually too slight to provide definitive data that clearly outweigh other factors, there is a paucity of hard empirical evidence for its success in practice. Yet the evidence that does exist is consistent, and its cumulative weight, if not entirely conclusive, is, at the very least, impressive.

In 1955, when the first edition of this book came out, land-value taxation seemed to be advancing steadily if not dramatically: it was spreading at the local level in Australia and New Zealand, and its extension in Denmark was backed by all three parties that made up the coalition government. By 1997, the year of the second edition, serious reversals had occurred in New Zealand and Denmark, the nations
where it had seemed most firmly entrenched, and there is now a definite possibility that what little remains of it in Denmark is about to be discarded. Although nowhere actually rescinded in Australia, it had been minimized there by growing reliance on users' charges. The "single-tax colony" of Fairhope, Alabama, had given up all pretense of assessing land at full market value. That year, the system's brightest prospects for extension seemed to be in South Africa, although they have since been dashed.

Meanwhile, public capture of economic rent had become a major feature of several countries on the Pacific Rim, and is being adopted ever more widely on the municipal level in the state of Pennsylvania. Now that Scotland has its own parliament, land reform is high on its agenda, and efforts are being made to point that reform in the direction of land-value taxation. The idea has also gained strong support among several of Russia's most prominent political leaders, and been endorsed without dissent by the Union of Russian Cities at a conference representing eighty of that nation's largest metropolitan jurisdictions. [23]

True, the system has in some few cases been abolished, but never because it was a failure. In Denmark, the explicitly Georgist Justice Party was voted out of Parliament and the advance of land-value taxation halted, but this happened at a time of unprecedented prosperity and for political reasons that had nothing to do with land-value taxation as such. In New Zealand, it was done away with in the three largest cities where it was in place, but this came in the wake of major jurisdictional reconfiguration, and was never submitted to the voters for approval. In various smaller municipalities, where the public had an opportunity to vote on whether to reject or to retain it, the overwhelming decision was to retain.

Hence, to those who share George's vision, retrogression is not unalloyed by gains. Yet it must be stressed that these gains are slender, tentative, and by no means secure. In point of fact, many of the "success stories" hailed and endlessly repeated in Georgist literature have been quite exaggerated. The implementation of land-value taxation has really been extremely modest, and its impact, where genuine, all too often blunted by countervailing policies, usually at other levels of government. The accounts set forth in the ensuing pages may have the effect of "throwing a wet blanket" on some cherished Georgist illusions. But better sober realism than naive complacency.
Public Charges Upon land Values, subtitled "A Study of the Effects of Local Government Rating Systems upon the Social and Economic Development of the Australian States," was first published in 1945 by the Land Values Research Group, Melbourne. Updated in 1960, it remains the most compelling single brief for land-value taxation's practical efficacy. Primarily the work of the late A. R. Hutchinson, it compared the three Australian states with a substantial amount of land-value taxation with the three with little or none. It did so in terms, not merely of the usual criterion--number of building permits issued annually, but also of a wide range of indicators including agricultural development, development of manufacturing industries, volume of retail sales, value of improvements, average wages, population gain through immigration from other states, etc., finding a definite positive correlation between all of these and the extent to which land-value taxation was in effect! Unfortunately, a change in the government's method of gathering and classifying statistics made it impossible to further update all these findings, but a study by Hutchinson eighteen years later [24] confirmed the same pattern for those indicators for which data was then still available.

In South Africa, land-value taxation is almost wholly urban. In some Caribbean states, it is wholly rural. These differences seem to reflect purely political considerations, as there is no logical reason why it cannot work equally in both contexts, as has been amply demonstrated in Australia and elsewhere.

Western Canada offers a prime example of the truth that a property tax based solely upon land values cannot succeed unless a sufficient percentage of the land rent is collected. If the tax rate is set too low or the land is grossly underassessed, exemption of improvements only serves to help inflate land values and encourage speculation.

I have alluded to the fact that in Hong Kong and Singapore, where, in the first instance, all land and in the second instance, most land is public, rent flows directly to the state through leases instead of being paid by owners in the form of taxes. George had considered this approach and found it acceptable enough on moral grounds, but regarded the use of the tax method as more efficient administratively, and preferable where private ownership of land is well entrenched. This was not the case in the states in question, where the leasehold method seems to work quite well.
Russia, which is not burdened with a vested landed interest, might be well-advised to follow the same path, instead of creating such a vested interest by privatizing land.

At the same time, it should be borne in mind that public ownership of land is no guarantee that its rent will be captured by the public. Even where land is publicly held, there may be vested interests with special rights to land use, and these interests will employ all the means at their command to resist full payment for such rights. In the US, some salient examples of such special rights (or, more accurately, privileges) are absurdly low grazing fees on federal land, rights to federal water at a fraction of market value, rights to monopolize bands or channels on the broadcast spectrum for little or no charge, etc., etc. Then there is the tragically ironic case of Israel, where ninety-three percent of the land is public, yet provides less than one percent of government income at all levels (through the Israel Land Administration). Although the seven percent of the land that is privately owned is mostly of much greater unit value, the value of the remaining ninety-three percent is estimated to be about half the total, which is scarcely the negligible portion that the rent collected from it would suggest. Meanwhile, the public staggers under the weight of heavy taxes on productive activity (especially personal income and value added taxes) that could be substantially reduced if a reasonable percentage of the value of public land were captured. [25]

Denmark and New Zealand have been cited as nations where land-value taxation, although long established, has recently received its greatest setbacks. In Denmark, this resulted for a time in the fragmentation and disarray of its proponents. In New Zealand, by contrast, its proponents saw the setbacks as a challenge to creatively rethink their program. The chapter by R. D. Keall discusses this development at length, but a few words of summary and comment seem appropriate here.

By 1982, ninety percent of all New Zealand municipalities had opted for land-value taxation, which supplied about two thirds of local revenue. Its importance was never actually so great as might be supposed from this figure, since local authorities in New Zealand are responsible only for certain amenities and not (as in the US) for such essential services as police and education. [26] Nevertheless, it seemed to be moving forward on its own momentum, and was so firmly established as to be taken for granted. Hence, despite continued educational efforts, membership in the New Zealand Land Value Rating Association fell away to almost nothing. When, at the
decade's end, the deviously contrived reversions to capital value rating instigated by the minister for local government took place in Dunedin, Christchurch, and Wellington, legal measures were adroitly instituted to assure their permanence. Although efforts at reversion were roundly rejected by the electorate whenever it was permitted to register its opinion at the polls, the leadership of what remained of the Association decided that the time was ripe for a fresh approach that would push for a more comprehensive application of the concept of public capture of rent in lieu of taxing labor and capital.

Accordingly, "Resource Rentals for Revenue" (RRR) became the new slogan, betokening the progressive substitution for taxes on income, production, and consumption, not merely by site-value rating in the narrow sense, but also by rents for natural monopolies, and for publicly owned natural resources and publicly funded infrastructure. It was believed that the convergence of several factors, including a new system of proportional representation and widespread resentment of the privatization of infrastructure built with public funds, presented an unusual opportunity for the promotion of this program in New Zealand; concurrently, the program was commended to the rest of the world as a more thoroughgoing and exciting alternative to merely shifting local taxes off of buildings and onto sites. Sufficient time has not yet elapsed to test Kiwi receptivity to this approach; one might be more sanguine about its chances if its knowledgeable advocates had greater material assets at their disposal and were not so few in number. But the effort to extend the public rent idea to its full logical purview is a project eminently worthy of emulation. It reflects a strain in the thought of Henry George himself that, however muted in his later years, never was repudiated by him. In the first half of the nineteenth century it was echoed by Judge Jackson H. Ralston, among others. [27]

VII An Hypothesis and an Exhortation

WHEREVER LAND-VALUE taxation has a foothold, it is essential that the officials charged with its administration be educated as to its advantages, both technical and moral, that this education be ongoing, and, insofar as possible, extended to the general population. The absence or inadequacy of such education may be one reason why the system has been brought to the verge of extinction in Denmark, and weakened even in Taiwan, despite the fact that it is mandated in the Taiwanese
Constitution, and played a major role in moving that nation from penury to prosperity in the third quarter of the twentieth century.

Even limited experiments in land-value taxation are cumulatively helpful in establishing an empirical record. As will be shown in the following chapters, the record thus far established has consistently been quite positive, even where the experiments have, for various extraneous reasons, been abandoned. I recognize that political realities frequently preclude bolder action, that opportunities must be taken advantage of when they present themselves, and that they are normally of such a nature as to be linked with other issues and to admit only of partial legislative attainment. For these reasons, I do not disparage the modest approaches recounted in the pages that follow.

Yet I cannot but venture to suggest that their very modesty may be one reason for the fact that land-value taxation now seems to be in retreat in so many places where it was established. Too mild an application of a beneficial program will produce benefits too mild to stimulate strong and enduring general support. Almost invariably in these instances, not enough land rent was socially appropriated to ensure that the system's good effects were clearly attributable to it, and could not be ascribed to other factors. A closely associated reason could be that the approaches were too mixed—either including other taxes that watered down its impact by penalizing production, or implemented by round-about methods such as the income tax, so structured that their explicit aim was not the capture of land value any more than of any other type of economic value. Such circumstances blur the moral imperative of land-value taxation, making it seem but one fiscal tool among many. Indeed, it has proponents who view it that way.

Only homeopathy maintains that remedies are very effective in minute doses. If the record of land-value taxation has been one of consistent but only moderate success, that is most likely because it has been administered only in greatly diluted form. Even the best medicine, if too diluted, may readily be overwhelmed by stronger counteragents. A stout enough course of the unadulterated Georgist "Remedy" might demonstrate that the claims made on its behalf are not really so extravagant, after all.

No doubt, fanatic enthusiasts for the "single tax," who see it, not as a regimen to
build up the social body in increasing degrees to a state of health, but as a magical elixir to be swallowed at one gulp, have alienated potential sympathizers of more sober temperament. But the Georgist vision is not, as some of its adherents' rhetoric might lead one to conclude, inherently simplistic. Their veritably evangelical fervor, although it might superficially appear almost ludicrous in the context of advocating a tax, ought not be viewed with condescension or disdain. For the tax they advocate is a tax in name only, and its significance as a fiscal measure pales beside its significance as an engine of social justice.

Assuming careful and knowledgeable implementation, it commends itself to common sense much more than do competing approaches. By now, the bankruptcy of socialism should be evident to all. The market economics of the New Right, while a welcome enough corrective to collectivist schemes in many nations throughout the world, has largely proven a disappointment, as evidenced by the return to power of Center-Left parties, however chastened, in the United Kingdom, Germany, New Zealand, and elsewhere. Yet such parties' programs, if they may be called that, exhibit no clear, coherent structure. They are mere patch-works of compromise, stitched together without design apart from that of appealing to powerful voting blocs and other interest groups. Why should it be too much to hope for, that, after enduring failure upon failure and disillusionment upon disillusionment from Left and Right alike, the world will awaken to the realization that if it socializes that which is inherently social because produced by society—namely, the rent of land and natural resources, it may safely leave in private hands the wealth that individuals in their private capacity produce? If such a regime cannot be fully instituted overnight without too great a shock, that is scarcely a conclusive point against it. Let it be instituted, if need be, in stages that allow for adaptation and adjustment. Let it be instituted with due consideration for circumstances of time and place. Let it even be instituted with temporary modifications for special cases such as the ubiquitous "poor widow" whose conjectured plight is the subject of lachrymose ritual invocation by the adversaries of reform. But let it be instituted!

Although words attributed to Helen Keller laud Henry George's "splendid faith in the essential nobility of human nature," [28] it is to his credit that his system of political economy rests on no such faith, but, rather on the mundane observation that "men seek to gratify their desires with the least exertion." [29] His language might at times ascend to rhapsody, yet his was an uncommonly practical approach--radical in the
sense of attacking the preeminent social problem at its root, but basically conservative as to method. [30] It might be characterized as being, both literally and figuratively, "down to earth." This is by no means to depreciate the powerful moral, even spiritual, appeal of his position. But it is precisely the seamless union of that moral and spiritual appeal with an eminently reasonable plan of reform that doubtless accounts for the remarkable persistence of the movement that bears his name. When Henry George died, that name was a household word. But so was the name of Edward Bellamy, and so was the name of William Jennings Bryan. Bellamy's Nationalist Clubs, which once spanned America from coast to coast, disappeared without a trace in less than a decade. Bryan's banner of Free Silver was furled for good after the campaign of 1896. In due course, later panaceas were proclaimed. Multitudes hailed the Townsend Plan, and sang the praises of Technocracy. Where are they now? But followers of Henry George are active still. Their political advances may be rather few in number and of relatively slight degree. And yet they soldier on.

Like Plato's ideal city, the full Georgist paradigm has been realized nowhere on earth. Only in pale and evanescent glimmerings here and there may faint terrestrial traces of its lineaments be glimpsed. But it remains a steady vision in the heavens. It is not, as in the Republic, too sublime for human nature, necessitating a "second-best" substitute like the city of Plato's Laws, better adapted to man's frailty; rather, it is eminently applicable to the problematic human situation. It awaits only the day, be it soon or in the far distant future, when thoughtful citizens, finally recognizing the hollowness of the Left and the obtuseness of the Right, and the futility of all the unstable mixtures in between, their gaze directed by the Remnant to that supernal vision, are kindled by it to affirm with one mighty and united voice: "Let it be instituted! Let it be instituted starting now! To that end we dedicate ourselves."

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Notes

(1.) A more precise term would be "net product taxes"--i.e., severance taxes on the market value of the
resource at the point of extraction but excluding extraction costs.


(4.) This section of the text (A Biblical Analogue) is adapted, with modifications, from Robert V. Anderson and James M. Dawsey, From Wasteland to Promised Land: Liberation Theology for a Post-Marxist World (Maryknoll, NY/London: Orbis Books/Shepheard-Walwyn, 1992), pp. 83-85.

(5.) Lev. 25:23,
(6.) Num. 26:1-56.
(7.) Num. 34:16-29.
(8.) Josepahus Antiquities v. 76-78.
(9.) Gemara. Baba Batra 122, A.
(13.) Josepahus, Antiq. III. 12, 283, 284.
(15.) Amos 2:4,
(18.) Nicolaus Tideman, "Taxing Land Is Better than Neutral: Land Taxes, Land Speculation and the

(19.) Paul V. Corusy, "Improving the Administration of the Property Tax," in Harriss, op. cit., p. 94.

(20.) Jon Kidwell, guest columnist in the Birmingham News (Alabama), March 12, 2000, p. 3C.


(22.) In their Introduction to Michael Silagi, Henry George and Europe (Will and Dorothy Burnham Lissner, eds.; trans. from the German by Susan Faulkner; New York: Robert Schalkenbach Foundation, 2000), p. 3.


(24.) A. R. Hutchinson, Natural Resources Rental in Australia (Melbourne: Land Values Research Group, 1978).

(25.) This quotation was cited for many years in the annual brochure of the Henry George School of Social Science; its source is a letter written around 1930 by Miss Keller to the Robert Schalkenbach Foundation.

(26.) The same thing is true of Australia, South Africa, and numerous other countries. In the two-rate cities of Pennsylvania, public education is the function of school districts, which were not permitted until recently to levy two-rate taxes.

(27.) George, Progress and Poverty, p. 12.


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