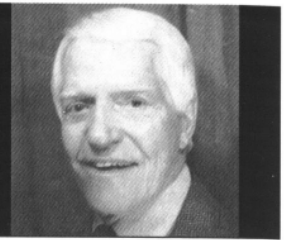


LETTERS

YOUR VIEWS
edited by
JERRY STOVIN



Mary Lehmann's plan for Georgism

Sir, Mary Lehmann (*L&L*, Spring, 2001) gives for our consideration a wide-ranging reform to Georgism. One argument, if I have it correctly, is that we should not use the word "tax" but "rent" because, she says, this "ideal revenue source" is not a tax but "a fee for service received, that of renting". She argues that the service involved in the "fee for service" is "for keeping the brigands out". Now, since that most basic of services is performed by "the sovereign", we should hand over the rent to the sovereign. Adam Smith argued in a similar way that the sovereign created the good order needed for everyone to enjoy the quiet habitation of houses and, thus, a tax on the ground rent of houses was justified.

Yet this argument is incomplete. First, rent is not paid simply for the maintenance of order; or indeed for any other action of government, it arises through the presence and activities of the community of which the state is just one part and the agent of collection. Even the quiet enjoyment of land is secured far more by the good habits of the community than it is by the police or army. Second, even assuming that it is the state alone which provides this protection to production, the rent paid is for differential advantages to land and the service of keeping others out is one and, arguably, an equal not differential service provided to land.

It may be said that without the protection of the state none of these other advantages would occur. But the same argument that it is the protection of the state which makes all else

possible could justify the state laying claim to payment, not only for site advantages, but to what is produced on the site itself.

But, more significantly, Mary Lehmann suggests we should not underpin the collection of rent by talk about equal rights to land. We should focus instead on the "fee for service" argument for rent collection. Why?

She argues this would make the payment of rent more understandable and easier for people to accept, and maybe it would also get us closer to what George really wanted(?), land nationalisation. In other words George's philosophical teachings do not help his case politically.

But George said that he was not calling for a "mere fiscal reform". He was calling for the "regeneration of society". Since the time of Tom Shearman c.1900 we Georgists have been prone to ceaseless appeals to self-interest and individualism. I pick up almost at random the latest pamphlet sent to me. It is the old tax argument with all the public promises we are accustomed to make. "Birthright" is there but this soon becomes the promise of free land. "Justice" is there but it soon becomes the argument that you won't be taxed on what you earn.

What a pity that we try to "sell" Henry George by arguing for a tax regime that will yield the most for "me"! Instead, at the very least, we should be cultivating the concept of the most for "us".

Richard Giles,
Enfield, Australia

Sir, I have read Mary Lehmann's contribution to *L & L*, Spring 2001.

Whilst Georgists talk in language incomprehensible to those whom they wish to convert, the Georgist cause will remain in the never never. To them the word "Rent" relates to the relationship of landlord and tenant and it is idle to try to teach them otherwise.

In the case of productive land, if and when rent arises it has been or is being received by the producer and is used in a myriad ways or is paid to a landlord. Also in the case of non-productive land, such as a home site, it is reflected in land value.

Whether one uses Mary Lehmann's term "Sovereign's rent" or perhaps "Republic's rent" it has already been received and appropriated and has been used, and has lost its identity as rent and

is now a new tractor or car or stocks and shares, but it is reflected in land value.

A government can only collect the equivalent in money terms by Land Value Taxation and it is time Georgists stopped fooling with words.

Here in New South Wales the Government collects many millions by way of Land Value Taxation with no tax on improvements, thereby inhibiting the holding of land out of use and the creation of slums. A sovereign remedy! Note: The tax base is the Unimproved Capital Value (U.C.V.) of the land. Our Valuer General, who receives a notice of every land transaction, finds no difficulty in assessing the U.C.V. He deducts the value of improvements from the total value and has the U.C.V.

Lionel Boorman,
New South Wales, Australia

The Finnish Connection

Sir, I read as always with interest the review of the book *Henry George and Europe* (which I have not read). This reminded me that *Progress and Poverty* was published in Finnish in 1906. The translation was by Arvid Järnefelt, who was a very popular and respected writer. His thinking was influenced by Leo Tolstoy, and he himself wrote in 1907 a pamphlet "Maa kuuluu kaikille" (Land belongs to all of us), which dealt with the problems of tenant farmers. Pekka V. Virtanen,
Emeritus Professor,
Espoo, Finland

'Landowners will pass LVT on to their tenants'

Sir, I was interested to read Mr Stowasser's letter in the last edition of *Land & Liberty* and should like to make the following observations

The questionnaires were posted to members of the Forum of Private Business, a non-partisan lobbying organisation, and also to another couple of other organisations.

A further round of interviews has been carried out - this time on a face-to-face basis. This research took place in two geographical areas with the owners, of Micro Businesses (0-9 employees) selected at random; the occasional larger business was included.

The questions in the existing questionnaire were not generally understood and had to be explained; Mr Stowasser's suggestion would be understood by very few people and certainly by only one or two of those interviewed recently.

It must be accepted that landowners will pass LVT on to their tenants one way or another and it is totally unrealistic to suggest anything else. Landowners hold an immense amount of power and there is no chance of a new tax being introduced if it were considered detrimental to their interests.

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