

YES, IT IS A TAX By LAWRENCE D. CLARK, SR. (President, Boston Henry George School)

How can we Georgists expect to sell the economic philosophy to which we subscribe if we cannot agree among ourselves on what it is we have to sell? Editor Robert Clancy points out in the Autumn Georgist Journal that there are Georgists who insist that the Single Tax is not a tax. A rose is a rose no matter what you call it and it will smell as sweet. But what you call it may have an effect on how it will sell.

The truth is that Henry George's remedy is a tax. George did say in Progress and Poverty, "We must make land common property." That he did not mean to do it by government seizure of the land is made plain on page 405. He says, "I do not propose either to purchase or to confiscate private property in land. The first would be unjust; the second, needless... It is not necessary to confiscate land; it is only necessary to confiscate rent."

That he proposed to collect the rent as a tax is indicated beginning at the bottom of page 405. "What I, therefore, propose, as the simple yet sovereign remedy... is to appropriate rent by taxation." Since George recommended substituting this tax for all other taxes it soon became "The Single Tax" - a name George readily accepted.

This writer can appreciate the reasoning and motivation behind the desire to emphasize the virtues of this very special kind of tax by saying it is not really a tax. But if we are quibbling merely about words, let's quit it and get on with our job. Let those who do not want to call it a tax quit telling the rest of us not to.

If those who argue for not calling it a tax are actually in favor of government ownership with private users of land renting it from the government on some kind of leasehold basis, then we are in trouble. Many of those who have heard of Henry George have acquired the idea that here is a man who was against private ownership. To them that makes him a Communist or Socialist since the distinction between land and wealth escapes them. It is true that George identified private ownership of land as the root of economic ills but it is not true that he recommended substituting government ownership.

It is a stroke of George's genius that his solution is a tax-reform solution. As far as this Georgist is concerned that is what we have to sell - a world-saving kind of tax reform.

Editor Clancy also quotes some Georgists as saying, "Land values are fictitious values based on monopoly; they will disappear when the full rent is collected." Preposterous! We must learn to distinguish the market price of land and the full true value.

The market price is the capitalization of the net rent. The net rent is what is left after the land tax is taken. If the government takes all of the rent as a tax the net rent will be zero and so will the market price be zero. If the government takes none of the land rent as a tax the net rent will equal the full rent. In that case the market price will equal the full value.

If taking all the land rent as a tax did indeed make the land value disappear then the rent itself would disappear also. You cannot collect rent for something that has no value. Collecting the rental value of land for the people does not destroy it; it simply restores it to its rightful owner.

It is true of course that land values are inflated by the artificial scarcity resulting from land monopoly. When that monopoly is destroyed by taking the rent as a tax, then the inflated values will return to normal but the normal values will not disappear. On the contrary, stimulated economic activity will lead to greater and greater demand for the land with a resulting increase in land values. This time, however, the people will benefit - not the speculators and the land monopolists.

In the name of common sense let's stop telling the world we Georgists are out to destroy land values!