

Invited Comment on Warren Samuels's "Speculative Memorandum"

By STEVEN CORD*

ABSTRACT. In addition to specifically praising Warren Samuels's investigation into why the single tax has not been generally adopted, this analysis offers additional reasons: it stresses the lack of specific knowledge concerning implementation in the foreseeable future, and also presents the modern ethical and economic case for land-value taxation. That tax is either valid or invalid, quite apart from whether or not it can be "single" (i.e., replacing all other taxes).

In his "Speculative Memorandum," Warren Samuels addresses the important question of why the Georgist Movement has not succeeded. As he so cogently points out, consistency "with the dominant ideology" of "hard work and productivity" as well as logic itself would seem to have led to success, but that simply has not been the case. Many cities in the world tax land values more than buildings with good results, but nowhere has the full single tax been implemented.

Samuels's "Speculative Memorandum" stimulates at least these comments:

(1) The "Speculative Memorandum" correctly points out that public expenditures have made land "more (or less) valuable" (?), but the private expenditures they have replaced would have done so as well. Didn't the taxes on production that funded these public expenditures decrease land values?

(2) The "Speculative Memorandum" points out that "the intensive taxation of unimproved land conflicts with the dominant ideology of property," but it had previously pointed out that Georgian logic was

*The author is a Professor Emeritus from Indiana University of Pennsylvania, Indiana, Pa. (14,000 students, near Pittsburgh) and author of the forthcoming book *The Golden Key to Continuous Prosperity*. He has won four awards—two for activism, two for research. He induced land value taxation (LVT) in many localities, has produced 17 empirical studies documenting the efficacy of LVT, also 32 formulas, 26 procedures, and 6 types of studies needed for implementing LVT in the foreseeable future.

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“eminently consistent with the dominant ideology.” A similar inconsistency could be ascribed to its assertion that George had antagonized Puritan beliefs and values, even though the “Speculative Memorandum” had previously pointed out otherwise.

(3) The “Speculative Memorandum” incisively points out that homeowners, a large group, have generally opposed the single tax—“incisively,” because homeowners wrongly think their taxes would increase to a 100% single tax or first-step two-rate building-to-land switch in the local property tax.

(4) The “Speculative Memorandum” states that land values can’t be separated from building values, although later in the same paragraph it states that land valuation “can be done fairly easily by extrapolating from the sales of vacant or subsequently demolished property” (but be it noted here that there are many other ways to ascertain land values).

(5) The “Speculative Memorandum” cogently points out that “changes in taxation are usually incremental rather than revolutionary or wholesale” and that this has prevented the single tax from achieving success. But the two-rate approach has already done this in 21 cases.

(6) The “Speculative Memorandum” asserts that farmers would pay more taxes with the single tax, but the few studies that have been done have not shown this to be the case—no doubt because agricultural land values are moderate compared to urban land values.¹ At the very least, we could exempt farm improvements.

(7) The “Speculative Memorandum” asserts that economists have “tended to avoid any unsafe position, any position that might bring identification with radical reform movements,” but there have been (and still are) many socialist economists.

(8) We can ask what the “Speculative Memorandum” means by asserting that “another reason for the failure of Georgism is the diversity of additional agendas, issues, and personal self-interests with which it was often mixed.” Further elaboration would have been useful. On the other hand, it asserts that the Georgist message should have been “recast in succeeding generations to take account of new conditions, for example, the rise of the regulatory and welfare state.”

But what recasting should have taken place? The validity or non-validity of the single tax needs to be discussed here, although that might have been beyond the scope of a speculative memorandum.

(9) The "Speculative Memorandum" is to be greatly praised for criticizing George's reliance on natural law, because natural law grossly violates the "is-ought" barrier.²

(10) George was much admired in his time and was not generally considered self-righteous, rigid, tendentious, and imperious.

(11) It may be that George's followers have been intellectually ineffective, had private agendas that obscured the pure Georgist message, and Georgist organizations competed with destructive results, as the "Speculative Memorandum" states, but many readers would like to have this specifically substantiated.

(12) "Every person has a right to him/herself." I totally agree, but I think an airtight rational proof would be superior to this assumption.³

Samuel's "Speculative Memorandum" makes many good points. His end-of-article endorsement of the single tax is certainly praiseworthy.

At this point, I would like to take a stab at why the single tax has not been adopted:

(1) *Only two persons in the United States know the formulas (there are now 36) and procedures (now 26) that are absolutely necessary to the implementation of two-rate land-value taxation in the foreseeable future, even though they are readily available.* Given the ignorance about the land-value tax among the electorate and their politicians, only a gradual shift of the local property tax from building to land assessments is now possible. If only two people know how this is to be done, while the rest of the single-tax advocates rely on those who are usually opponents for land-value tax implementation, the two-rate land-value-oriented property tax is not likely to be implemented in the United States, and then neither will be the single tax.

Georgists have focused instead on trying to influence the academic economists, a monumental task that has failed for 124 years (ever since the 1879 publication of *Progress and Poverty*). Anyway,

academic economists simply don't set tax rates and have little influence on their settings, so it would seem the Georgists have been aiming at the wrong target. But the academic economists might be reached if they were frequently reminded of the many objective empirical studies showing that land-value taxation produces good economic results (there are at least 17 such studies) and that it can reduce taxes for most voters (there are literally dozens of studies showing this).

Consider that eight recent American winners of the Nobel Prize in economics have endorsed the single tax,⁴ but none of them actively spread the word, largely because they don't know how to implement it in the foreseeable future.

(2) *George's economic analysis dealing with marginal land is deficient, but the single tax is independent of it.* Technological improvement has obviously greatly overwhelmed land speculation; while the latter has certainly lowered wages and capital interest, technological improvement has raised them much more; no extensive statistical analysis is needed for substantiation. Furthermore, despite the complete non-dependence of the single tax on that economic analysis, many commentators nevertheless discard not only the economic analysis but the single tax as well.

(3) *Many commentators believe that George advocated common land ownership, and Georgists have done nothing to disabuse them of this mistaken land-nationalist notion.* The single tax involves the public collection of the annual rent of land, leaving the land itself strictly in private hands. Private landowners would still have the important right to develop the land any way they wish.

(4) *Many commentators think that a single tax on land values cannot pay for all the costs of government today, and so they denigrate it.* However, no one can possibly know what would happen if there were a universal single tax, and in any case the basic question is whether or not land values should be taxed in place of as many taxes on production as possible; its singleness is irrelevant to this issue.

(5) *People don't want to think about taxes, particularly property taxes, and don't think the down-taxing of production and the up-taxing of locational value can accomplish much good.* The voters have

gotten used to taxes on production; few of them regard it as the robbery or violation of private rights that it is. They think all taxes (even those on land value) are equally bad but can be justified if a majority (of other people) approves of them.

There might very well be other reasons for the lack of implementation of the single tax. The "Speculative Memorandum" has the virtue of stimulating much needed thinking about this important economic issue.

Notes

1. See my research article on agriculture in Indiana County, PA in the *American Journal of Economics and Sociology* 76(1).

2. I have enumerated the defects of natural law in detail in a recent book entitled *Society at the Crossroads*. In that book, I try to show how the doctrine of equal rights and land-value taxation can be rationally proved and can help alleviate, if not cure altogether, certain pervasive social problems threatening to overwhelm us.

3. *Society at the Crossroads* attempts to answer this basic question.

4. They are Milton Friedman, Herbert Simon, Paul Samuelson, James Tobin, James Buchanan, Franco Modigliani, Robert Solow, and William Vickrey. Quotations from these endorsers appeared in the November 1991 issue (p. 1) of *Incentive Taxation*; they have been filed with *The American Journal of Economics and Sociology*.