

The Application of the Remedy

by Mike Curtis

When it came time for Henry George to name his Remedy, he didn't beat around the bush. He came right out and said, "We must make land common property." It does sometimes help to start our analysis by stating the obvious. It's probably also worth mentioning that the problems that George set out to remedy were not really the things we often hear discussed at Georgist conferences, things like urban sprawl, pollution, efficient infrastructure use via congestion pricing. These are all good, interesting things to talk about, and issues on which Georgist analysis can shed some useful light, I'm sure. Yet the problem that George set out to remedy was "the cause of industrial depressions and of increase of want with increase of wealth." I think this is good to remember. If we are clear on what problem the remedy is remedying, it can help us to avoid confusion.

For example, let's think about a policy that is often described as a Georgist kind of thing: creating incentives for the efficient use of highways by imposing congestion fees. The problem being remedied there is traffic jams. The public highway is a commons — freely open for all to use. But at particular times of the day — rush hours — it is congested. At other times, it is used at way below its capacity, so economists propose to use congestion charges to optimize use of the common resource. If we do that, fewer overall minutes will be spent sitting in traffic jams that annoy people, waste fuel and cause extra pollution. But, will all drivers benefit equally? Of course, they won't. The charge will only benefit those who have the money to pay for getting rid of everyone else, so they can drive fast at rush hour. No doubt, the highway will be more efficient, and revenue will be available for construction and maintenance. And the benefits of this efficiency — like those of all forms of free trade — will ultimately go to the landowners, while the poor will no longer be allowed to drive at eight am or five pm.

Let's follow the probable chain of events.

Now let's move on to another example, one a bit closer to home. Let's suppose that the Henry George School in New York does its job incredibly well, and inspires the voters of New York City to get rid of each and every tax it levies on wages, on sales and on buildings, and gets 100% of that revenue from land value tax.

To Georgists, that seems like an impossible dream! A wonderful fantasy! But: would it lower rents in New York? Would it raise wages?

Let's follow the probable chain of events. Taxes on the value of land make it cheaper — both to buy and to rent — because of the huge volume

of underused land that would come onto the market. As rent fell, wages and interest would rise — wouldn't they? If there were no sales tax, people would open more stores! With no wage tax, more people would want work, and with all the new building going on, there would be plenty of work for them! When would workers *stop* coming?

They would stop coming when the wages in New York were no better, the rents in New York no lower, than the places they were coming from. But, the building boom, and the greater productivity, generated by our momentous shift to LVT would end up increasing rents: the Primary Beneficiaries of LVT are land owners.

Can this be? Let's suppose that New York City's enlightened, momentous, historic tax shift enabled it to increase its population by an astounding ten million people. Alas, reducing the population of the rest of the United States by ten million (and actually somewhat less, because many of that ten million would be immigrants) would hardly provide a free land alternative in all the other conventionally-taxed states.

Now we know — we can clearly see out of any airplane window — how much unused and underused land there is in this country. We know that a free land alternative *could* be created, one that would truly raise wages (assuming continued restrictions on immigration). But we also know that that is the only way we *can* raise wages.

It's good to remember — if it's any consolation — that getting rid of traffic jams, creating jobs, producing housing units, building a city that millions of people want to move to, these things are well worth doing.

Even if the land holder does get richer.



Mike Curtis and Kris Feder

There are people who are unable to conceive of any better state of society than that which now exists — to whom the idea that there could be a state of society in which greed would be banished, prisons stand empty, individual interests be subordinated to general interests, and no one would seek to rob or to oppress his neighbour, is but the dream of impracticable dreamers. Such people — though some of them write books, and some of them occupy the chairs of universities, and some of them stand in pulpits — do not think. If they were accustomed to dine in those eating-houses where the knives and forks are chained to the table, they would deem it the natural, ineradicable disposition of man to carry off the knife and fork with which he has eaten.

— Henry George