

HOW TO DISTINGUISH RENT FROM TAX

By FRED FOLDVARY (President, San Francisco Henry George School)

The old question of whether the community collection of ground rent is a tax or not is being debated in the GJ and I would like to add my own comment.

The reason this issue has not been resolved, in my opinion, is that the focus has been on the rent, and why it should be paid, rather than looking at who is receiving it, and asking why this particular entity should get the loot rather than some one else. We know, as Georgists, that the payment is ground rent, a fee for using land, a debt to the community, and other such terms, from the nature of land rent and community-created values. We know why this land/ground/site rent/debt/fee/tax/duty should be paid. But it is less often asked to which community this rent, etc. should be paid and why.

Communities are usually rather arbitrary political entities. For example, which is the community owed the land rent in New York? If you live in Queens, do you owe it properly to the Kew Gardens neighborhood? Queens? New York City? The greater New York metropolitan area? Or New York State? And who should decide the borders and extent of the neighborhood? If the voters do it by majority vote, then what do we say to the person who protests that he is being coerced into supporting one particular "community" defined by one particular boundary line not of his choosing? If we grant the right of Monaco or San Marino to be independent communities, why cannot others have the right to secede from the larger country or province and pay the land rent to the smaller unit instead of sharing it with the bigger entity?

Such questions define for us the key difference between a tax and mere rental payments. If the person possessing land and paying ground rent has no choice about who is, then the payment can rightfully be called a tax, for a tax is commonly thought of as a mandatory payment to a government agency. But if the payer does have the choice of deciding which community shall receive it, then the payment is not a tax.

Anarchist Georgists favor land rents for community funding but oppose its imposition by the state as mandatory for every land possessor within a geographic area. Thus they would implement it by free association, removing the power of the state from the enforcement of land titles. State-oriented Georgists, on the other hand, would favor the mandatory payment of land rent by every one within certain geographic areas to community governments selected by the political process. The latter would constitute a land value tax; the former would not be a tax.

It is not my purpose here to argue one way or another on state-oriented Georgism, but just to try to clarify the issue of whether land/ground/site rent/duty constitutes a tax. In today's world, few people expect central governments to go away soon, and so we can generally agree that the reform that Georgists advocate would constitute a land value tax to replace all other taxes, whatever one's ultimate views on the subject. Unless one is arguing for the legal right to secede from a central government and the implementation of Georgism by free association, land trusts and other non-mandatory or anarchist means, the land rent is a tax and we might as well admit it.

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FRED FOLDVARY is coordinating efforts to get a U.S. postage stamp issued commemorating the 150th anniversary of Henry George's birth in 1989. Some other countries have also been contacted. The Citizens Stamp Advisory Committee has on their agenda consideration for such a stamp, thanks to the many letters sent to them. No need to send them further letters. Instead, Mr. Foldvary recommends "Phase II", getting endorsements by famous persons, and he asks that interested persons coordinate these efforts by corresponding with him c/o Henry George School, 3410 19th St., San Francisco, CA 94110.