

What Do We Call the Georgist Remedy?

Our last issue's "By the Way" column proposed, rather playfully, a survey on whether Henry George's reform is single, and whether it is a tax. Although this is a long-debated question among Georgists (and in these pages), we were surprised by both the volume and the vehemence of the responses we received.

The first, a thoughtful essay from Gerry Shaw of Calgary, Alberta, informs the discussion. Highlights from the mail follow, and finally our Editor contributes his own two cents.

Congratulations to the editor for providing this opportunity for serious students of Henry George to focus on the continuing controversy about the strategy he chose to achieve his proposed reform. Hopefully it will be a worthwhile exercise, even though it challenges the "gospel" of our great teacher.

You ask us to vote and/or comment on the terminology and methodology George suggested for recovering the land rent. Specifically, is it or is it not, a tax?

I believe that W. A. Dowe put it well, in his *True and False Economics and the Political Implications* where he states "appropriation by the community of what clearly belongs to the community is logically not a tax" (page 109).

Each of us who is responding to your survey is a Georgist: we agree that the economic rent is rightfully the property of all members of society, so Dowe's logic should sound reasonable to all of us. Further, when we consider the flip side of his observation, we should realize that our typical propaganda probably sounds contradictory to our audiences. That is, when we propose to take the rent fund through taxation, we infer (unwittingly) that we think it belongs to the super-privileged few who are now allowed to capture it.

So here's the prime reason to be extremely cautious about advocating confiscation of land rent by taxation — because to do so seems to deny that society has always had the valid justification for claiming that fund.

The other very good reason for not blindly following the "let's tax it" *modus operandi* is that the public's mood about taxation has changed since *Progress and Poverty* was published. That is, it certainly would not be appropriate now to make the assumption George did in 1879, that "there is no special opposition to the... taxes upon which modern Governments so largely rely."

Yet, in spite of these caution signs, most Georgists have continued to advocate higher taxes! At least that's what our audiences think we are saying — and it does not help our credibility when we offer our fork-tongued disclaimer about standing for "the abolishment of all taxes, save those upon land values".

So if we appear to be confused or uncertain about society's right to the rent and are insensitive to the prevailing view that taxation

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is theft, there is little wonder that the many years of effort that have been invested by George's devotees (books, speeches, schools, seminars, pamphlets, films, letters to the editor, etc.) have not resulted in a wider acceptance of his Remedy.

It seems clear that it is time to change our strategy. We have to be more positive about the essence of our right to the rent; and we have to present a more acceptable image of our objective by avoiding language that implies we want to soak the rich to fund bigger government. That is, we must minimize our references to taxation, except to condemn it in all its forms. Also, we need to severely curtail our use of all the tax-based acronyms (LVT etc.) and slogans (single tax, etc.). They have only served as a shortcut slang among Georgists. The problem: this internal habit leaks into, and contaminates, our for-the-public literature.

It will be tough for many, but all it takes is an attitude adjustment to find ways to claim the rent without the tax talk that usually rolls off the tongues and pens of our speakers and authors. The reward for exercising the necessary discipline will be that more potential Georgists will listen and some will be curious enough to want to hear more. A great way to start is to follow George's pattern and help them understand what rent is, who creates it and how to quantify it — George used over half of *P & P* to do that before making any mention of his Remedy. If they still want to hear more, let's make sure that we have a curriculum to show them that will not inadvertently trample the seeds we have planted.

Stan Frederiksen, Executive Director Emeritus of the Public Revenue Education Council in St. Louis, penned this on our ballot form: "All taxation is robbery! Stop it! Quit promoting any tax!"

He cooled down a bit, though, and wrote us a long and thoughtful letter. Stan has done a lot of writing on the subject. For copies of his paper, "Revenue Source Change Solves Economic Problems",

...I've been at this for over 60 years, and I discovered long ago that what Henry George proposed, while it is single, is not a tax at all! Moreover, our promoting it as a tax is the one most devastating reason why Georgists have made "slim to zero" progress over the past 100-plus years. People hate taxes — all taxes! To answer a couple of your questions:

1. It is single. It's derived from only a single revenue source — the value of locations on the earth's surface — and nothing else.

2. It's not a tax! Rush Limbaugh rightly proclaims that "Words mean things." He also rightly proclaims, "Every tax has a negative effect on the economy." ...Government needs revenue. It does not need taxes! The two words are not synonymous.

...Any tax is outright robbery. It takes, without giving equal value in return. And taxes are mandated! If you don't pay, you get fined — or go to jail — or both! A charge, on the other hand, is a voluntary payment for full value received — in our case, the exclusive ownership, possession and use of, a location. One can choose not to pay a location value charge. But then he or she simply doesn't get title to locations. Nothing complicated or unfair about that, is there?

Complication is certainly to be eschewed, according to Chuck Metalitz, the newly-appointed Director of the Chicago Henry George School. Obviously a busy man, Chuck marked our ballot "single" and "a tax" and tersely explained, "A two-word reform is short enough to fit on a bumper sticker or a sound bite."

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Mr. Robin Raynham, a member of the Henry George Foundation of Great Britain, was incredulous. He scolded our Editor: "I should have expected this concept to be part and parcel of every Georgist's understanding of Georgist principles and am quite shocked that you do not seem to have it." He instructs:

The character of taxation is that of a fine or impost, in contrast to other and more common situations where money changes hands, where it is made in payment for goods supplied, services rendered or privilege extended, and it is this point which determines whether any monetary transaction is classifiable as a tax or not.

The payment of land rent to the community is essentially a payment to it for the privilege extended by it to the person who pays — that of being allowed, for the time being, to have exclusive tenure of the plot in question. It is therefore not a tax.

Yet our theory ought to be grounded in the way things actually work, points out Mr. Lionel Boorman of New South Wales, Australia:

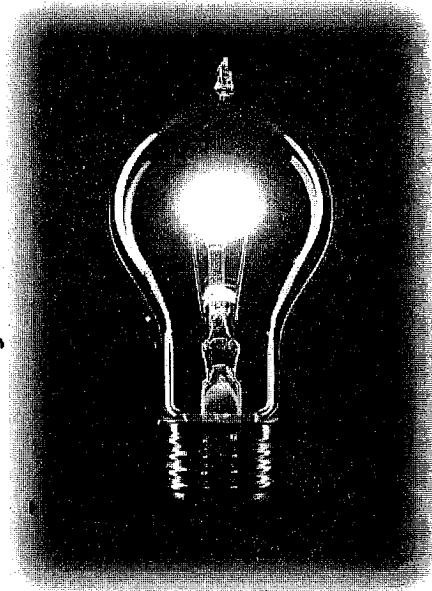
By whatever other name the rose may be called, the Georgist reform is a tax and the person who has received the rent is a taxpayer, whether the tax base is land value or economic rent.

Governments collect money from people, not from inanimate things. Governments cannot collect the rent because the owner of the land has already received it and exchanged it in the market. Its equivalent in money has to be taxed out of him.

On the other hand, Henry George himself (despite certain over-excited statements about taxation in *Progress and Poverty*) seems to have been won over to the "it's-not-a-tax" position, as he states clearly in *Protection or Free Trade*: "...the income which the community ought to obtain from the land to which the growth of the community gives value is in reality not a tax but the proceeds of a just rent."

But why quibble? Prof. James Busey, the longtime Georgist activist from Colorado, urges us not to narrow our appeal:

I believe that George's reform can best be called a "single tax". It was to be single and it was to be a tax.... Whether it is good or bad, or whether we like it or not, it is a still tax. See dictionary, which defines "tax" as being "a compulsory payment, usually a percentage, levied on income, property value, sales price, etc., for the support of a government." It is simply nuts for semi-anarchist Georgists, who don't like the word "tax" because they don't like



governments in general, to contend that the single tax couldn't possibly be a tax because taxes are bad and the single tax is good. Talking about closing out the rest of humanity from ever understanding what we're trying to tell them!

Comment by Lindy Davies:

I have been thinking quite a bit about this question since I wrote my rather glib column about it last fall. The perplexing thing is not the issue at hand but the degree of passion that it inspires. This discussion is usually framed in tactical terms — in other words, it's not about what George's reform is — we all essentially agree on that — it's about how to sell it. After all, why should a debate about rhetoric — about, essentially, the wording of our ad copy — stir such fervor? The remedy has various benefits, and can be sold in one way or another to people with myriad social concerns. Perhaps it ought to have many names! It seems unlikely that a single name or a single argument will be the most effective in every case.

Shaw and Frederiksen proclaim that "people hate taxes — all taxes". This is true. No one actually enjoys signing the check to the taxman — and I don't know anyone who believes that he or she ever got back benefits equal to what was paid in. Taxes are indeed unpopular.

Nevertheless, it is an unfortunate fact that some things are even more hated — and feared — than taxation. There are many, many people in society who are convinced that they would be far worse off without the leveling that the public sector provides. Sure, the tax system is inefficient, bloated, corrupt, infuriating, counterproductive. But there are higher values in life than productivity. People associate taxation with the curbing of the heartless excesses of selfishness and greed — including the recklessness of environmental destruction. Taxation, infuriating as it is, is widely seen as the lesser evil.

Now I must hasten to remind the reader that the preceding paragraph, (like this entire discussion) is intended to be considered on the level of rhetoric, and not as a statement of economic theory! Economic theory is crystal-clear on this question. Mr. Raynham's exposition is sacrosanct. But this is not a theoretical debate. As a matter of fact, that very point was made in my original column, where I said:

Taxes are collected at the expense of a value (land rent) that must be paid anyway whether there are taxes or not; therefore, taxation

decreases its own revenue base. The single tax, by removing the drag of taxation on production, actually increases its own revenue base. Taxes cannot do that; therefore the single tax cannot possibly be a tax.

Right? The community has a legitimate claim to one specific portion of the wealth produced: the rent. If the community does not collect the rent, then it must secure public revenue by robbing (taxing) wages and interest (and that must decrease the revenue base)! The public collection of rent has a fundamentally different economic function than the imposition of taxes on wages and interest! I had merely, like a good neoclassicist, chosen to make my point in the most convoluted and confusing language I could find.

Which is, I'm afraid, what people actually expect from economists. We Georgists have learned something that makes it difficult for us to converse intelligibly with normal people: we have learned that it is possible for the economy to make sense. That's not a perception that is widely shared. In fact it is a sub-

versive truth. Politicians (and neoclassical economists) devote entire careers to making sure that word does not get out on this.

If Georgists appear to be, as Gerry Shaw warns, "confused or uncertain about society's right to the rent", it's not because they are actually confused! It's because they must — somehow — communicate their Newtonian clarity to an audience steeped in postmodern chaos. When Stan Frederiksen states that taxes are diabolically mandatory, but "one can choose not to pay a location value charge", he is theoretically correct. However, most citizens are only too aware of the consequences of "choosing" not to pay the "charges" that local governments apply to the "locations" where they live, whatever those charges might actually be called by theorists.

So in the end, well, it is a tax, and it isn't. We must remember that it is right and proper that Webster and Palgrave should disagree on certain definitions. Whether it is a tax or whatever, it is the means by which economic and social sanity can be effected, the ordering of society by the principle that "liberty is justice and justice is the natural law." As long as we're clear about what it is, we can call it whatever sounds right at the moment. **GJ**

The "single tax" is so simple, so fundamental, and so easy to carry into effect that I have no doubt that it will be about the last land reform the world will ever get. People in this world are not often logical.

— Clarence Darrow