

## [The Spirit of the Torah Land Law Renewed](#)

by: **David Giesen** on April 20th, 2015 | [3 Comments](#) »

A modern day version of the Jubilee land law must address land value justice rather than simply endorse redistribution. Above, construction cranes work on the Infinity Towers in San Francisco. Credit: Wikimedia Commons / Hydrogen Iodide.

*Please note: The following article is a response to [Norman Solomon's article](#) in a series of web-only articles associated with [Tikkun's Winter 2015 issue: Jubilee and Debt Abolition](#).*

The Jubilee land law of the Torah aimed to create and sustain a community of economically independent families free from social status differences. The society envisioned by the Torah was one where debt would never long plague any citizen, and a society in which full and equal standing as a free and dignified member was both the ideal and a possibility. The chief instrument in establishing such a remarkable community was the land law introduced in Chapter 25 of Leviticus. That law ensured that all Hebrews could make a livelihood directly from the soil. In short, at any time in history a family could turn its back on being employed and make a living on its own by direct application of labor to the land.

This essay aims to persuade you that the same intent of that land law is achievable today, with specific modern legislation. We can transform and heal society.

First, I must demonstrate to you that land is at least as important today as it was in ancient Israel. Then I must introduce you to a credible means by which access to land might transform society. Finally, I must stir you to join in the labor of restoring Jubilee-substantive land law. At the end I will supply a codicil celebrating the role of the Jubilee land law in biblical history.

One of my intentions is to motivate you to think deeply about the relationship between private land ownership and the health of society. In reference to nearly every social injustice you can name, land figures prominently. I don't have to work hard to demonstrate the powerful role land plays in today's economy and social structure. All I need to do is ask you a single question: How much do you pay for housing? If you have rent control or a mortgage, I will rephrase the question thusly: how much would your home rent for on the market?

In the Bay Area where I live, and in preferred locations across the country, 70% and more of rent is land value. Slum building rentals in San Francisco rent for big bucks, but it's not the ill-kept domicile commanding big bucks, it's the location of the structure. The entire Bay Area has mega "location, location, location" value, not least because of the rapid influx of Silicon Valley tech workers. "Hot" cities in Texas, Florida, Massachusetts, and elsewhere are the same. Median incomes may be big, but the rents match those incomes dollar for dollar. In your mind, move the building you live in to somewhere "out in the country" and the rent changes enormously. That difference is all land value.

Some of you are homeowners. The fact that some of you have paid off your mortgage and enjoy the property tax protection of Proposition 13 (passed in 1978, Proposition 13 effectively freezes property taxes at the level of the time of purchase), only means that were you to choose to rent out your home and the land it sits on, you'd be able to comfortably live on the income. Your property tax would be in the low thousands and, here in San Francisco, your net income would be in the high thirties or low forties. Yes, you've maintained your home all these years I readily agree, but still, the value of your real estate is in the land. The proof? Rent any run-down place in San Francisco and the cost will approach that of a well-maintained apartment or home nearby.

Back when most of the population made their living from agriculture, it made sense that the Torah focused on land. It's different today. Today most of the population gets its living from land value. What I mean is that most of the population lives in cities where land values soak up a big part of earned income. That's why a modern day version of the Jubilee land law must address land value justice rather than simply endorse redistribution.

Where do land values come from? How do they arise? Let's explore that question. Does building a house in the middle of an open prairie give monetary value to the land it sits on? No. The value of a house isolated on the prairie is in the house. But that house does add desirability to nearby land in comparison with land further off. Where on all that prairie would you build your house were you the next to come? Near enough to form a tenuous community, but far enough to feel free. And where would the next and then the next homesteaders settle? Near enough to help one another and have some choice in whose help to seek. In short, being social beings, humans form hamlets, villages, towns, then cities. The presence of other people acts like a magnet, and soon enough locational values spring up precisely because of the commercial, recreational, and residential possibilities – the community value – attaching to one site as compared with another. The point is that land values are socially-generated – they grow just as society grows. You can measure the complexity and health of a community by its relative land values. If lots of people with lots of creative force want to live somewhere, you can be sure land values will be very high there. San Francisco. Austin. Seattle. Dallas. Boston. Washington, D.C. You get the idea.

What's true for residential real estate is true for retail and office and industrial land. Consider that even as business income may increase, the rent keeps pace with that growth or outstrips it! That's the power of land. The ownership of valuable, desirable land conveys the power to appropriate a significant proportion of the value of the goods and services the lessor or renter of land produces.

I've spelled out in quick and rough fashion the winnings to be had as a landowner in the current scheme of things. However, the Torah's land law brilliantly abolished speculation in land by virtue of the original distribution of land in Israel. Under that distribution, families randomly divided up their land taking into account the per capita fertility of the soil. One family might get a parcel near water, but less total acreage, while another family might get less water but more land. There was a rough equivalency of land distribution in terms of the per capita food potential. A just land law today must somehow distribute land values in this same way.

The manifest message of the Torah land law was that when land values are equally distributed, great things result. Conversely, the greater part of the Hebrew Bible story is that when land values are privatized, perfectly awful things happen. First let's consider the awful things land value privatization occasions:

1) Privatization transfers huge amounts of goods and services values from workers who are making tangible goods, to landowners, who do not actually produce anything of value. That unbalanced equation results in huge accumulations of wealth on one side, and degrees of frustration and impoverishment on the other.

2) The privatization of land values often denies businesses the reward of their efforts, for just as gross receipts increase, rents rise to match any increases in revenue. The rising rent doesn't in any way reflect increased services rendered by the landowner.. This phenomenon results in an effective income cap on average-profit margin businesses. Much if not all the gains in productivity and profit are transferred to the landowner as rising rent.

3) The privatization of land values detours enormous amounts of investment capital into land purchases which might otherwise go into creating private sector housing, private sector job creation, and into social infrastructure, public education and public health. How? Given a choice of building housing or buying land likely to rise in value, many big investors opt to buy land. Are you skeptical? Then simply reflect that all the problematic mortgages of the past ten years were, at base, investment in land values that tied up hundreds of billions of investment capital dollars without producing a single new good or service.

Now let's consider just a few of the good things that follow socializing land values. But wait a minute! What is meant by socializing land values? By socializing land values we simply mean putting the value of land to the same purposes to which income tax is put. Income taxes socialize the income you earn by producing goods and services. Land value taxes would socialize all (not just the anemic proportion current property taxes do) of the annual value of land. We've established that land values consume a substantial proportion of your earned income in the form of the rent (or mortgage) you pay. In fact, that land rent you pay is very nearly as much as all the income and sales taxes you pay! Do you begin to see the startling fact that if landowners don't pay land rent to society, society will have to pay land rent to the landowners?

Now let's return to identifying a few of the good things that follow socializing land values.

1) Socializing the full rent potential of land abolishes the incentive for land speculation. After all, if there ceases to be any present or future private income from mere ownership of land, why pay for more than you can use?

2) Socializing the full rent of land raises enough revenue to effectively replace income tax. With that in mind, the American social philosopher who most eloquently explored taxing land values, Henry George, called for the abolition of all income taxes, sales taxes on goods and services, and excise taxes. In this way, George argued, if you built a home, you could live in it without others inhabiting it (via taxes on the

building). George retained the Torah's celebration of the individual in that he abhorred the subduction of individual effort into a common pooling of "the masses."

3) Socializing the full rent of land divorces debt from nature. When the rental value of land is collected by community (and land ceases to remit a potential income to its owner), the sale price of land plummets to ZERO. Because socializing the full rent of land sends the sale price of land to zero, home buyers will borrow money to acquire homes, but they will not have to borrow money to buy land! Interest on land-related debt will vanish because land-related debt will vanish. Currently an enormous amount of debt is held with land values as collateral. But if rent was socialized, all nature will cease to be held as collateral for loans and there will no longer be debt for nature. This revolutionizes money. Money will represent the promise to repay in future goods and services in exchange for the current consumption of goods and services.

That's my pitch. Rabbi Lerner invited proposals for realizing in modern form the substance of the Jubilee land law. You've read and may reflect upon the power in the land which I have sketched above. Perhaps I have shown you enough about the virtues of socializing land rent to join the Network of Spiritual Progressives with the ambition to join in common cause restoring Jubilee economics to society.

I will close this essay by sharing some little bit of the historical role which Jubilee land law played in the Bible story. Let's visit the truth-teller Amos, one of the prophets.

Amos was absorbed by the question and predicament of justice. His core concern was for collective righteousness in accord with *mishpat* – Hebrew for "code of justice behavior." The starting place of this code of behavior was set forth in the Torah passages regarding civil economics which, whether Torah had been written in the distant past (the fundamentalist view) or had been written down much later (the modern historian's view) nevertheless reflected the spiritual heart of the Hebrew culture. To be a whole person, a human being must have access to a livelihood, and he must not be the property of another person. He must be a self-sufficient soul and body within community. No person can get a livelihood – meaning feed himself – without access to land.

The Torah provided for every family to have its own inalienable patch of soil. This land could not be sold – could not be lost to the family in perpetuity. It could be leased to others, but could be taken back at any time by returning the balance of the lease. And every fifty years the land came back to the family whether the lease was up or not. This fifty-year cycle of land-family restoration was the Jubilee.

The abrogation of this *mishpat* civil-economic law is precisely what the truth-teller Amos was denouncing when, in the most eloquent of declamations, he asserted that land speculators and investors coveted the very dust of the tilled field that sat on the brows of the men and women who had become share-croppers on their own former land parcels (Amos 2:7). It's a staggering image: the interloping landowners won't let the day laborer carry off even a speck of the land in the form of a dirt-grimed cheek! The grime had to be shaken off before leaving the field. By the time of Amos, the Levitical Jubilee and Sabbatical laws had been displaced in favor of what we recognize as mortgages. These mortgages were held by the palace folk – the 1% – whom Amos described in chapter six of his eponymous pamphlet. Amos' stern words

echoed the criminal charge of another prophet, Isaiah, who wrote that the land debt creditors had destroyed the dignity of free men by “adding house to house and field to field.” (Isaiah 5:8) In other words, countless so-called citizens were forced to make a share-cropped living on land formerly their own, but now belonging to another.

Under such circumstances as these, where land and the opportunity to gain a livelihood from it were not just conditional upon paying another with a portion of one’s labor and livelihood, but where that payment enabled the landowner – the recipient of another’s livelihood – to live without himself laboring, under such circumstances was it any wonder there was a huge and devastating divide in wealth? Today as in the time of Amos! The scriptural ideal and expectation was that “they will build houses, and inhabit them; and they shall plant vineyards, and eat the fruit of them. They shall not build, and another inhabit; they shall not plant, and another eat.” (Isaiah 65:21-22) This ideal and expectation was only possible where citizens had the opportunity to produce an independent livelihood and were safeguarded against crushing debt. It is the same today.

Will we bear the prophetic fire of Amos? Will we abide low wages, privatized high rents, debt for land, social status fracturing along land ownership/peonage lines? Or will we join in common cause as free and independent human beings asserting our dignity as co-heirs in the universe God created and as co-heirs in the land value we as community have produced?

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*David Giesen teaches land use economics in San Francisco, California.*



### 3 Responses to “The Spirit of the Torah Land Law Renewed”

#### 1. **Cliff Cobb**

[April 20, 2015 at 7:26 pm](#)

A problem with the use of the Jubilee as a model of justice regarding land ownership is that it is ultimately based on the principle of pre-emption: prior occupation. The restoration of a clan’s land every 50 years envisioned in Leviticus 25 presupposed that the old-timers had a greater right to land than newcomers. That was precisely the argument used by Edmund Burke in condemning the French Revolution. Stable society, he thought, required durable land ownership. Hence, the Jubilee is really a prescription for an aristocracy.

This does not preclude the more dynamic process of establishing justice in land ownership proposed by Mr. Giesen. If every landowner pays in taxes each year the full annual value of ownership, no one is claiming rights based on prescription, only based on reciprocity. As Giesen points out, one of the most

important elements of this dynamic, perpetually self-renewing type of Jubilee is that it nips the problem of debt in the bud by preventing land indebtedness before it can begin.

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## 2. **Sharon Beth Long**

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**May 5, 2015 at 7:10 am**

How does Mr. Giesen explain the situation of Israel? It is my understanding that virtually all Jewish land is owned by the Israeli Land Authority or the Jewish National Fund and people just own the structures, yet we still have high housing costs both in buying and rentals. The taxes on the cost of the buildings do not preclude a building owner from paying a high rent which is based at least partially on location.

Of course communal ownership of land may have been why Israel developed so quickly. Until LOCATION became very important because of development a land owning gentry requiring confiscatory rents did not develop stifling economic activity among other people which is largely what had happened to the Palestinians and in surrounding Arab countries.

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## o **David Giesen**

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**June 2, 2015 at 5:48 pm**

Sharon,

Only just now saw your remarks; I had despaired of any interest in the substance of my article, so thank you for taking the time to reflect.

Your question is a good one. I need to investigate the degree to which the economic rent of land in Israel today is collected for the public treasury. A robust application of a Land Value Tax will not necessarily reduce the rents of land where land is highly desirable, but a full LVT will enable the elimination of sales taxes, earned income taxes, and most capital gains taxes. Renters, in other words, would be paying their tax burden to the governing jurisdiction when they pay their rent to the landlord, who would then surrender the land value portion of the rent to the government. The private and commercial landlords would get to keep all of the value of their buildings, untaxed.

Furthermore, taxing away the full rent potential of "location, location, location" would send the sales price of land towards ZERO, resulting in little if any borrowing of money for the land value portion of a mortgage.

The Torah land law suggests some very relevant appropriate modern legislation, yes?

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