

ABOLISH TAXES OR ALL TAXES BUT LAND TAX?

I believe that the Georgist movement should consistently as possible avoid the use of the term "tax" to describe what we propose. There are, I think, four reasons for doing this.

1. A tax is a levy by government upon private property. When we do not say "tax" we emphasise that the revenue we propose does not come from private property.
2. Avoiding the word "tax" helps us contrast what we propose with the present tax system. The phrase "an alternative to the tax system" is the best way to advertise our proposal in the press.
3. We appeal to people to think about what we offer. An unfamiliar term, like "site revenue", does keep people curious and open minded. The term "land tax" can close minds and arouse prejudices right away.
4. What is implied by land tax is a tax on land but according to us land is not wealth, and how can you tax what is not wealth? Land tax is surely not what we mean. Land value taxation is at least precise, but we really do not want land value taxation either. It does not work when it is applied beyond the irritant level. Consider: Russia may be adopting a three per cent land value

tax. Three per cent is well above the irritant level for land tax. It will reduce the selling price of land, collect less revenue than it is intended to, and so tend to frustrate those who use it. It needs compensating adjustments which, in any critical period, produces politically damaging results – continual and volatile changes in land value tax as we endeavour to follow the fortunes and try to tax continually changing and volatile land values. This leads in the end to quite publicly incomprehensible tax rates such as taxes of over 100 per cent. The coincident removal of what are taxes only helps to keep even experts guessing about what land values will be. This confusion among those setting land value taxes, the result of confusion in the land values market, is not what we want at all during any transition to the application of our principles.

If we want to raise the status of what we believe in we must be consistent about what we basically want. That is only to be reasonable. If we are really serious about our proposal it is just not good enough to keep this inconsistency. We either want to abolish taxes or all taxes but one.

Of course, if we are defending a land tax as the closest thing we have at the moment to what we aim at, then we must use the term. Nonetheless, while we say we want to maintain land tax, we should point out also that we agree that setting the revenue base upon land values does raise difficulties that would be removed if the revenue base were annual site rents. In fact, right now this change is one of the things our movement should be aiming at.

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