

How Land Value Taxation Goes Nowhere

by Richard Giles

For a century now the Georgist movement has dropped what was originally named the “single tax” and adopted “Land value taxation.” There are some who think that the two concepts are really the same. However, there is a difference.

Georgism 1900-1980

Land value taxation is, pretty much, the concept devised by Thomas Shearman in the late 1880s and which Henry George called the “single tax limited” — limited, that is, to the collection of revenue needed by the government. This George contrasted with the “single tax unlimited,” which collected all economic rent. At this time, the expectation was that this economic rent would far exceed the needs of government.

However, by the early 1900s most Georgists had accepted the views of their critics that in a modern state, then beginning to bristle with armaments, the rent fund would fall far short of what was needed for the needs of government. To move with the changing times so as to better promote this “tax,” “land value taxation” came about. To better promote the idea that government should collect this “tax,” the idea began to circulate that government itself (not the whole community) created economic rent. That made this form of public finance more acceptable: government was merely taking what government created.

That was not the only change. It was concluded that, since implementation was what was wanted, Georgists should talk “tax.” They should stress the horizontal and vertical equities and, even more important, the efficiencies of land value taxation that made it such a good “tax.” Thinking that politicians, as practical people, did not think in terms of ethics, the ethical foundation of Georgism waned. It was now land tax all the way.

It was also implementation all the way. Understanding the principles behind this tax was unnecessary; it diverted attention away from promoting the benefits of land value taxation. It took us away from the public arena, to the conversion of government and opinion-makers to land value taxation.

The intellectuals in the movement also made their contribution to putting this ethical side of Georgism to sleep. They rejected the idea of natural rights. It just would not wash with the modern intellectual. The “ought” is not the “is,” they said. Let us instead not argue principles, let us be pragmatic and argue the consequences of adopting land value taxation.

Even the “schools” formed during the Great Depression did not quite get away from these influences. They certainly put back some numbers into the movement — but, said their opponents, numbers did not count very much; it was the opinion-makers and the decision-makers that we needed. The schools produced a group of people with a very good grasp of rent, and the realization of its power to transform society. That was what most Georgists believed was “seeing the cat.”

Georgism Post-1980

In the way posterity is tricked by the past, succeeding generations of Georgists invariably came to these same conclusions as if they were being original. Amusingly, they condemned those who would return to the legacy of Henry George as old-fashioned, out of touch with modern ideas and needs.

As society itself degenerated, these were abused as “dinosaurs” and “79ers.” The world had now gone beyond Progress and Poverty. It demanded fresh ideas, not literal interpretations, Of course what was really being condemned were not literal interpretations at all but the basic principles that the new and fresh ideas were replacing.

Georgism then entered a more rapid decline consonant with the now more rapid decline of society as a whole.

Those who were employed had to “sing for their supper.” Some concocted all manner of “original” ideas that, upon investigation, turned out to be heresies from the past. Others merely stepped harder on their implementation accelerator, charting the old, old course as if it had been discovered yesterday. In reality, they were just running faster in the wrong direction.

Either through ignorance or fashion, the modern “Geoist” saw the concept of rent as surplus profit, often spoke of rent as distributable as a “dividend,” and considered natural resources as separate from land. They wanted a dual concept. This dual concept was land value taxation for “land,” and “resource rents” for natural resources. The latter were really environmental taxes — charges for using the land. No one

worried that this was about as far from Georgism as one could get! And those charges often included charges for the use of roads, bridges, parks and beaches — an enclosing of common land in fact!

Georgism was now in a thoroughly moribund state.

What had been forgotten was what Henry George taught: that the right to use land is primary and that there must be rights to land before there can be equal rights. They had forgotten, too, that it was only by education that one can know what the purpose of Georgism is and that it was the ethical concept of freedom as equal rights — and not as a “tax” — that would transform society.