

Whatever Happened to Georgism?

by Richard Giles

The Robert Schalkenbach Foundation recently made a film. While \$800,000 was committed to the film, it does not mention LVT as a solution to poverty. The RSF Program Director, Clifford Cobb [on the “Land Theory” email list], explains the decision this way. “The general theme of the movie is that world poverty is caused by powerful interests that can be traced back hundreds of years to colonial practices that include slavery, destruction of indigenous industry, restrictions on imports of finished goods from colonized countries, and monopolization of land in the hands of colonists.”

That suggests a story I heard. When asked why he was doing so badly in history, a small boy replied that it was not his fault at all, it was because it had all happened before he was born. At any rate, Cobb goes on to say that “The film discusses how the same practices are continued today through the IMF and World Bank as well as US government intervention whenever a nation seeks to function outside the realm of US hegemony.”

Probing deeper, Clifford Cobb writes

It seems to me clear from a century of gradual attrition and decline in the Georgist movement that ideological purity has not been very successful. If purity does not work, then compromise is necessary. Any sort of change is based on a series of compromises. But which compromises are appropriate and which ones give up what is most important? ...to introduce a solution for which people are not ready is foolish, perhaps even counter-productive.

The Right-Wing Compromise

While some doubtless complain that removing Land Value Taxation from its message is not the way to advance the movement, they do not seem to realize how “LVT” got there in the first place.

The single-minded emphasis upon LVT got into the movement courtesy of Thomas Shearman (1834-1900). He was not an ‘ideological purist.’ What had impressed him was that a limited ‘single tax’ was an ideal way to get rid of other taxes that

discouraged business. And by confining the talk to “taxation,” one could nimbly avoid all that divisive talk about rights and denunciations of private property.

But it was not long before others decided that they too could help the cause along, this time by taking out the word ‘single.’ And so we got LVT. Economists would be impressed, for they would see that Georgists recognized what they knew, with great statistical certainty: that modern states could never be wholly supported from land values.

Time passed and Georgists in the US finally found themselves dealing in the ‘husks’ that the prodigal son was left with and which one Georgist controversially called “a nickel and dime scramble,” the two-rate property tax.

More recently still, some in the US, I am told, have succeeded in making LVT even tinier, this time into an anarchistic anti-tax movement.

The Left-Wing Compromise

Now, miraculously reborn as “land taxation” or “resource rents,” LVT has reappeared bigger than ever. But there is something phony about this “land taxation.” For one thing there is nothing ‘single’ about it and, for another, it is not a rent but a plain old tax. It is not a price set by a market but the work of economists arbitrarily selecting and pricing ‘externalities’ to add onto the market price. And then there is the mystery of the disappearing margin. Where is it now that, irrespective of location, flat charges are set upon a vast array of natural resources to “encourage” consumers not to use them? Or, where has rent gone when it is turned upside down to increase as disadvantages increase? Does not rent really increase as the value of differential intra-marginal advantages increases? But, we are repeatedly told that this is a great forward step for Georgism.

We are being told that it is all right now to make people pay just to use the earth. We are being told that it is now correct — or at least expedient — to embrace a whole host of collectivist ideas.

*These ‘compromises’ occur in article by Professor Michael Hudson in the January, 2008, Supplement to the *American Journal of Economics and Sociology*. While written ostensibly about “Henry George’s Political Critics,” contextual evidence suggests that much of the criticism is in fact his own. I do not know whether Prof. Hudson is in favour of eco-taxation.

We are asked to drop the ‘singular focus’ on ground rent to encompass ‘other forms of exploitation,’ to give government a wider ‘regulatory or planning role,’ to cease opposition to ‘public ownership of resources and enterprises’ and to adopt protection in place of a ‘free-trade platform.’ In other words, pursue an alliance with socialists, something that George himself “failed” to do.*

It now seems that Georgism looks out at us with two faces: one an extreme form of individualism; the other an extreme form of collectivism. But where are the principles that Henry George taught? And more important, where is his methodology?

Where is the Jeffersonian appeal to principle and especially to the ‘direct’ and ‘original’ right to use land? Where is the belief that social problems are best resolved by returning natural rights to ordinary people, limited only by a differential public charge upon those claiming exclusive title to land with special advantages? Where is the belief that common land and common services can be financed exclusively by this system with something to spare for the citizens by way of an annual benefit?

Have not Georgists read the literature and seen these teachings? Or do they want, under the guise of dropping George’s name, to forget them?

Land value taxation or even the ‘single tax’ was never “ideological purity.” Henry George considered social problems primarily to be a moral question, as rights that had to be asserted and won by awakening a recognition of duties. Yes, Georgists might call upon different wordings in different times — but that remains the primary Georgist methodology.