

THE COSTS OF STEALING

Henry George went to great lengths to show that in distribution there was only one natural law which was “what a person makes belongs to that person, and no other”.

So, in his view taxation of earnings is stealing. But, you say, the government must have income or it can't act. George had an answer to this as well. He said that when people act together they produce an income. The community action produces a result because it bestows advantages on sites according to the nearness of roads, railways, airports, water systems, libraries and all the other advantages provided by government or community action. We call the total of these advantages “location value”. If this value is collected by government, it forms an obvious (tax free) reward for the supply of goods and services to the community.

But this value too is stolen. By allowing it to be retained by “land owners”, we then have to resort to taxation. One theft causes another.

Another definition of stealing is to take things not given consciously with pleasure. How does your tax bill measure up to that?

All the great teachings pronounce against stealing. Is it possible to be civilised when stealing is permitted? It seems that natural law has a way of showing that there are penalties that result from stealing.

We are suffering grievously from disobeying “do not steal”. Consider these three, the “Housing Crisis”, “Inequality” and “The Mountain of Debt”.

Land has no value. It is provided free, as is air. We do not have to work for it. But, if it has an income attached to it, the value of that income appears to be the value of land. So it is, that the location value, assumed to continue into the future, appears and land value, and its purchase appears as the price of land.

Since land became all enclosed, landowners can charge tenants a rent with no upward natural limit. The only limit is the maximum that a tenant can afford to pay.

The apparent value of land increases the price of houses built upon it. They become unaffordable to young people and those not able to command high wages, especially taking into account the previously noted theft of their wages by taxation. The misery caused by this combination is huge, and is getting worse by the minute. Life for some has definitely become uncivilised.

Those who receive location value as part of rent are the beneficiaries of stolen property. Over some hundreds of years they have accumulated a vast store of wealth. It has been invested in land, stocks, shares and bonds all of which increase in value from dividends and interest. The annual growth now far exceeds the annual rents. After taxation and rents, businesses do not have enough left to improve and expand their businesses, so they must borrow.

Who can they borrow from? Surely, only from those who have received the location value and accumulations. In this transaction a charge is added in the form of interest or profit share. Once having lent it, the lenders do not want it back, so long as it increases, so the total debt increases year by year. The government also needs to invest on behalf of the whole community, and adds to the debt mountain.

The housing crisis is a huge mess, inequality has become absurd, and the debt mountain is teetering and likely to collapse under its own weight.

We have made for ourselves a pile of trouble by thinking we can steal with impunity. The cure must be to collect location value and gradually reduce all other taxes. Then take home pay will increase, land prices will reduce, inequality will reduce, and funds for improvement will be available without borrowing. 