

A CONJECTURE ON THE FUTURE OF GEORGISM

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THE GEORGIST PAST. During this century we have lost the battle with Marxism, turned our backs on the third world, and made little attempt to reconcile Georgism with neoclassical economics in our own Western world. And we have now allowed Georgism to sink into pedagogical confusion and introspective self-destruction (see Harrison, 1996).

WHERE ARE WE NOW? So, what has been happening, and what will happen, beyond our comfortable little world of agitation for site rating in a few OECD countries? The diagram shows what I suspect has happened, and may happen, to the rent of land and natural resources in different parts of the world.

1. In the **First World** (OECD) invention was, on balance, land-saving, and there is evidence that land's share of GDP fell during industrialisation (Samuelson, 1964: 728,730). But in the post-industrial era there are reasons to believe (Smiley, forthcoming) that invention may now be labour-saving on balance and that the share to rent should therefore rise. We need empirical tests, more extensive than those of Banks et al (1989).
2. In the **Second World** of the ex-socialist countries property rights and taxation systems are being redefined, and the open letter to Gorbachev (Land and Liberty, Jan/Feb 1991) and subsequent campaigns represented perhaps the most important Georgist initiative this century.
3. In the agrarian sectors of the **Third World**, 50% of product (representing enough taxable surplus to create an economic growth of 20% per annum) goes to idle land-owners. Since land here is inherited and seldom traded as a commodity there is no case, as there may be in the First World, for compensation in the event of LVT. Meanwhile, the Third World suffers a negative wages growth rate, corruption, genocide, environmental degradation, and unsustainable development, all linked to land.

WHERE DO WE GO NOW? Pedagogical dispute has, I believe, obscured these targets and possible methods of reaching them. If Georgism is about economics why do we spend so much time disputing definitions which have been already set down clearly in any textbook on microeconomics, instead of getting on with the following?

1. **First World.** We need longitudinal studies of land rent trends. We need policies on compensation. We need economic models of what happens to factor marginal prices when land rent taxation rises from zero or near zero and approaches 100%.
2. **Second World.** This was our big break. Was it/is it too big/too difficult? What next?
3. **Third World.** The World Bank and IMF, after 40 years of disastrous development loans, now make these loans conditional on reform. We need to demonstrate to them the superiority of LVT over any other reform, and the efficiency, equity and accountability outcomes from making loans conditional on the introduction of LVT programs.
4. **Environmental economics.** Environmentalists have begun to see the need for

taxing natural resources, which we regard as land. But taxing natural resources "in the ground" hastens their depletion. So, many "Green" taxes target the "point of extraction" or "point of use" of these resources. What are our policies here?

5. **Conflict resolution.** For the last 50 years most armed conflicts have occurred in the Third World and most of these have concerned the control of land and natural resources, for which ideology may be a surrogate (Red Cross, 1996:138). Defence costs 5% of world income and the costs of offence are incalculable. But Georgist solutions to conflict, as well as to environmental degradation and unsustainable development, imply a degree of collective responsibility for the surface and raw material of the globe which does not presently exist. This calls for imaginative Georgist thinking, as for example in Tideman (1991).

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