

FOUR NOTES ON LVT PRACTICE AND PHILOSOPHY

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I. Banks successfully campaigned for the defeat of the proposed withholding tax on interest. Various reasons were given, but the most significant to the depositor was the negative effect the periodic withholding would have on compounding. A moment of reflection will reveal that any withholding whatever - indeed any tax whatever - has the same effect, that is, to reduce the compound rate of growth of real wealth from what it would be, or could be, otherwise. No wonder net capital accumulation is so hard to come by today, if it even exists any more. Since the land rent is the only source of revenue for the community which does not, indeed which cannot, reduce capital growth (as we know quite well from experience, it dramatically stimulates capital investment), here is one of the strongest points favoring the Single Tax for the pragmatic business person and/or economist.

II. Land value taxation by default? The property values in our community were recently revalued. I believe the valuers did an accurate piece of work, since a decade ago following the previous revaluation, we were house hunting here and noted the surprising closeness between valuation and sales prices of some 100 homes. Land and improvements are appraised separately, and not surprisingly, the value of improvements increased about two and one-half times, the same as the inflation rate. Land, on the other hand, jumped five times. A few more decades of that and we will be paying essentially only land taxes, even though land and improvements are taxed at the same rate. Could it be that with sufficient technological sophistication, by which I suppose I mean more capital in the form of (hopefully) untaxables such as computer programs (software) and less capital in the form of easily taxable hardware (physical improvements), along with an ever accelerating increase in real land values (in constant dollars and independent of speculation), some day the only physical item worth taxing will be the land?

III. The Henry George Foundation of America has sent contributors a green and white bumper sticker reading TAX LAND NOT BUILDINGS. Surprisingly, I've had interested persons follow me into stores in order to express their feelings, pro and con, about this message. From these discussions I have concluded that a sticker TAX LAND NOT LABOR would be even more effective.

IV. Returning from a meeting recently, a younger colleague of mine noted me reading Albert Schweitzer's Out of My Life and Thought (Mentor, MP483). It came as quite a shock to me when I was asked who Albert Schweitzer was. I recall Prof. Schweitzer in the '40's and '50's as being the most admired person then alive. What I had not appreciated prior to reading this remarkable book, however, were the time and energy he had spent in search of an all-encompassing philosophy of life. The ethic of Reverence for Life was his reward. Discovered during and magnificently elaborated in the chapter entitled "First Activities in Africa 1913-1917", he writes:

"The iron door had yielded; the path in the thicket had become visible. Now I knew that the ethical acceptance of the world and of life, together with the ideals of civilization contained in this concept, has a foundation in thought... In spite of the great importance we attach to the triumphs of knowledge and achievement, it is nevertheless obvious that only a humanity which is striving after ethical can in full measure share in the blessings brought by material progress and become masters of the dangers which accompany it."

Though apparently not aware of Henry George's philosophy, Schweitzer clearly shares much common ground with him.