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### 1. What Is Geolibertarianism?

Geolibertarianism is the belief that each individual has an exclusive right to the fruits of his or her labor, and thus an exclusive right to the value of those fruits; and that all individuals have an [equal right](#) to land, and thus an equal right to the value of land.

By embracing this belief, geolibertarians are simply taking the core libertarian principle of self-ownership to its logical conclusion: Just as the right to oneself implies the right to the fruit of one's labor (i.e., the right to property), the right to the

fruit of one's labor implies the right to labor, and the right to labor implies the right to labor -- *somewhere*. Hence [John Locke's proviso](#) that one has "property" in land only to the extent that there is "enough, and as good left in common for others." When there is not, land begins to have [rental](#) value. Thus, the rental value of land reflects the extent to which Locke's proviso has been violated, thereby making community-collection of rent (CCR) a just and necessary means of upholding the Lockean principle of private property. In the late 19th century, CCR became known as the "[Single Tax](#)" -- a term often used to denote [Henry George's](#) proposal to abolish all taxation save for a single tax on the value of land (irrespective of the value of improvements in or on it).

Throughout the rest of this FAQ I will often refer to the Single Tax as the LVT (land value tax).

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## 2. Wouldn't the land value tax (LVT) increase the price of land?

No, because it would neither increase demand nor decrease supply. Henry George explained it best when he wrote:

*"There could be no limit whatever to prices did the fixing of them rest entirely upon the seller. To the price which will be given and received for anything, two wants must concur—the want or will of the buyer, and the want or will of the seller. The one wants to give as little as he can, the other to get as much as he can, and the point at which the exchange will take place is the point where these two desires come to a balance or effect a compromise. In other words, **price is determined by the equation of supply and demand**. And, evidently, taxation cannot affect price unless it affects the relative power of one or other of the elements of this equation. The mere wish of the seller to get more, the mere wish of the buyer to pay less, can neither raise nor lower prices. Nothing will raise prices unless it either decreases supply or increases demand. Nothing will lower prices unless it either increases supply or decreases demand. Now, the taxation of land values...neither increases the demand for land nor decreases the supply of land, and therefore cannot increase the price that the landowner can get from the user. Thus it is impossible for landowners to throw such taxation on land users by raising rents. Other things being unaltered, rents would be no higher than before, while the selling price of land, which is determined by net rents, would be much diminished."* [Emphasis mine] -- [Why the Landowner Cannot Shift the Tax on Land Values](#), pp. 2-3

So, far from increasing the price of land, the LVT would actually decrease it. The reason for this becomes more clear when one considers that the price of land is nothing more than capitalized rent – i.e., the annual rental value divided by the interest rate. In short, the more rent is diverted into the public treasury, the less rent there is to be capitalized into a sale price.

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### 3. Isn't land-ownership the foundation of property rights, and thus of a free society?

No, *self-ownership* is. That is to say, the foundation of property rights (and the freedom that flows from those rights) is the property that each person has in himself and, by extension, in the fruits his labor.

*"Though the earth, and all inferior creatures be common to all men, yet every man has a property in his own person. This nobody has any right to but himself."* -- John Locke, [2nd Treatise of Government](#), Ch. 5

*"The property which every man has in his own labour, as it is the original foundation of all other property, so it is the most sacred and inviolable."* -- Adam Smith, [The Wealth of Nations](#), Bk 1, Ch. 10, Pt 2

*"The property rights that each citizen has in himself are the foundation of a free society."* -- James Bovard, [Freedom In Chains](#), p. 86

*"Libertarianism begins with self ownership."* -- David Bergland, [Libertarianism In One Lesson](#), p. 35

*"There is only one fundamental right (all others are its consequences or corollaries): a man's right to his own life. Life is a process of self-sustaining and self-generated action; the right to life means the right to engage in self-sustaining and self-generated action--which means: the freedom to take all the actions required by the nature of a rational being for the support, the furtherance, the fulfillment and the enjoyment of his own life...Since man has to sustain his life by his own effort, the man who has no right to the product of his effort has no means to sustain his life."* -- Ayn Rand, [Capitalism: The Unknown Ideal](#), pp. 321-2

*"The right of life and liberty--that is to say, the right of the man to himself--is not really one right and the right of property another right. They are two aspects of the same perception--the right of property being but another side, a differently stated expression, of the right of man to himself. The right of life and liberty, and the right of the individual to himself, presupposes and involves the right of property, which is the exclusive right of the individual to the things his exertion has produced."* -- Henry George, [A Perplexed Philosopher](#), p. 210

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### 4. Wouldn't the LVT make land the property of government?

No, because government would have no authority to dictate when, how, or by whom land itself is used; it would only have the authority to ensure the *rent* of land goes to everyone on an equal basis, since all individuals have an [equal right](#) to the use of land. Henry George put it thusly:

*"We do not propose to assert equal rights to land by keeping land common, letting any one use any part of it at any time. We do not propose the task,*

*impossible in the present day of society, of dividing land in equal shares; still less the yet more impossible task of keeping it so divided.*

*"We propose--**leaving land in the private possession of individuals, with full liberty on their part to give, sell or bequeath it**--simply to levy on it for public uses a tax that shall equal the annual value of the land itself, irrespective of the use made of it or the improvements on it....We would accompany this tax on land values with the repeal of all taxes now levied on the products and processes of industry--which taxes, since they take from the earnings of labor, we hold to be infringements of the right of property."* [Emphasis mine] -- [The Condition of Labor](#), p. 8

The only alternative to George's proposal is to treat land as the *unconditional* property of a relative few. The problem with this alternative is that, when taken to its logical conclusion, we find that the fruits of individual labor must inevitably be treated as *conditional* property for everyone else. Why? Because no one can produce wealth in the first place unless he or she *first* has access to *land*. Consequently, since all land is legally occupied, and since producing more land isn't an option, those who don't have *titles* to land cannot legally access the earth -- and thus cannot legally sustain their own *lives* -- unless they first "[consent](#)" to pay a portion of their earnings to those who *do* have titles to land. (This is why geolibertarians regard landed property as the mother of all entitlements.)

Land itself does not originate from labor; thus, *property* in land does not originate from labor, but from the *law* that confers ownership to an individual or group. Landed property is therefore law-made property, and is, in that sense, clearly distinct from man-made property. Thus, to compel one group to pay rent to another group for *mere access to the earth* is to elevate law-made property above man-made property. And since the latter is an extension of self-ownership, to elevate the former above the latter is to strike a blow at the very foundation of property rights.

*"Disregard of the equal right to land necessarily involves violations of the unequal right to wealth."* -- Max Hirsch, [Democracy vs. Socialism](#), p. 372

To this some might object that the LVT does just that -- compels one group to pay rent to another group for mere access to the earth. While this objection may sound logical at first, it is fatally flawed. Why? Because it ignores a universal law of today's economy: the fact that land rent gets paid either way -- *regardless* of whether or not it gets diverted into the public treasury.

Thus, it is not a question of *if* land rent gets paid, but to whom and on what basis.

If it is paid exclusively to titleholders on the basis of the earth being the unconditional property of titleholders, then, for reasons given above, the property that *non*-titleholders have in themselves and in the fruits of their labor is thereby violated. If, on the other hand, it is paid to the community on the basis of the individual members of that community each having an equal right to land, then said property right (the right to one's self and the fruit of one's labor) is thereby upheld for *everyone* -- both titleholder and non-titleholder alike.

Another common objection is that, if government collects the *rent* of land, it automatically becomes the *owner* of land. This objection is based on the myth that the terms "rent collector" and "owner" are synonymous. While many rent collectors do, indeed, own the property on which they collect rent, there are, nevertheless, thousands of private rental agents and property managers all

over the country who routinely collect rent on properties they do not own. Thus, one does not *have* to be an "owner" to be a "rent collector." Government is no exception to this rule.

That doesn't mean the government of, say, North Korea does not assert ownership over the land on which it collects rent. It does. But it is not merely the authority to collect land rent, but the authority to dictate how land is *used*, that makes the North Korean government an "owner" of land. Critics of the LVT repeatedly insist that you can't have one authority without the other, but as mentioned above, the rent-collection services provided by non-owning rental agents and property managers prove just the opposite.

This becomes easier to understand once you realize that "property" refers, not to a single right, but to a *bundle* of rights -- the right to rental income being one of them. The other rights include the right to possess, use, exclude, and transfer title. As any lawyer will tell you, those rights can be transferred in whole or in part.

*"The concept of a bundle of rights comes from old English law. In the middle ages, a seller transferred property by giving the purchaser a handful of earth or a bundle of bound sticks from a tree on the property. The purchaser, who accepted the bundle, then owned the tree from which the sticks came and the land to which the tree was attached. Because the rights of ownership (like the sticks) **can be separated and individually transferred**, the sticks became symbolic of those rights."* [Emphasis mine] -- Fillmore W. Galaty, Wellington J. Allaway, & Robert C. Kyle, [Modern Real Estate Practice](#), 14th ed., p. 16

This is precisely why, in the U.S., it is possible for city councilmen to collect a portion of land rent through property tax levies, yet be lawfully excluded from the land itself by whoever holds *title* to that land. Although the local government in this case has a legal right to a certain percentage of the land's rental value, the titleholder has all the other rights of the aforementioned "bundle."

Not only would the titleholder *retain* those rights under a geolibertarian system, those rights would be *strengthened* by the fact that (1) he would no longer be taxed for being productive, thus making it far easier for him to afford whatever the rental charge is, and (2) the law would require any surplus revenue to be distributed equally as a [citizens dividend](#). (The latter would provide a built-in incentive for citizens to bring enormous pressure to bear on government to *limit* its spending, since less wasteful spending would mean a greater surplus, and thus a higher dividend.)

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## **5. Since people need food to sustain their lives, and since food, like land, is in limited supply, could not the same argument for taxing the value of land be used to justify taxing the value of food?**

No, because (1) while food is in "limited" supply, it is not in *fixed* supply; and (2) with food starvation is *not* the only alternative to purchasing it from others, whereas with land it *is*.

With food, one can always produce instead of buy. Not so with land. Some might counter that one can always produce to earn the wages needed to acquire land, but this presupposes the very issue in question – access to land. While it is true people can always acquire land by earning the wages needed to rent or purchase it, one cannot earn wages to begin with unless one *first* has access to land, which brings us right back where we started.

Food is a product of labor; land is not. Thus, the notion that one has an *exclusive* right to the fruits of one's labor is incompatible with the notion that there is a *common* right to the *value* of those fruits, while it is *not* incompatible with the notion that there is a common right to the value of land.

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## 6. Didn't Austrian economist Murray Rothbard refute the LVT?

No, but not for lack of trying. [Rothbard's](#) argument against the LVT is fatally flawed for at least two reasons -- one moral, the other economic. From a moral perspective, it completely ignores the unjust interference that the overextension of law-made property imposes on man-made property. From an economic perspective, it is based on a false understanding of what conditions are necessary for land to have rental value.

In [Libertarian Party at Sea on Land](#), LP activist Dr. Harold Kyriazi explains why Rothbard's attack on the LVT was misguided at best. The following is from pages 57-61 of that book:

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The only well-known libertarian writer whom I know to have explicitly, and at great length, opposed the idea of community collected user fees for natural resources is Murray Rothbard, which is odd, given his admiration for [Albert Jay Nock](#) and [Frank Chodorov](#), who, in turn, revered [Henry George](#). Rothbard apparently had extensive discussions with Georgists:

If every man owns his own person and therefore his own labor, and if by extension he owns whatever property he has "created" or gathered out of the previously unused, unowned "state of nature," then what of the last great question: the right to own or control the earth *itself*? ... It is at this point that Henry George and his followers, who have gone all the way so far with the libertarians, leave the track and deny the individual right to own the piece of land itself, the **ground** on which these activities have taken place. (pp. 33-34, **For a New Liberty**.)

The following is taken from his **The Ethics of Liberty**.

(p. 50, footnote 2): A modified variant of this "Columbus Complex" holds that the first discoverer of a new island or continent could properly lay claim to the entire continent by himself walking around it (or hiring others to do so), and thereby laying out a boundary for the area. In our view, however, their claim would still be no more than to the boundary itself, and not to any of the land within it, for only the boundary will have been transformed and used by man.

With this statement, Rothbard may seem to have carried the "first use" doctrine to its illogical extreme. (If walking over some land constitutes transformation and use, then is it just one's footprints that one owns? Or does one's rightful claim extend out to all the underbrush one has cleared away? Or, can one claim land as far as the eye can see? This is the very definition of the word "arbitrary.") But in his defense, to convert the claim into actual ownership would, Rothbard would say, require actual use (though we're again faced with the question of what constitutes "use" -- see p. 79, "Anti-Rothbard..."). For example, earlier, in a Robinson Crusoe paradigm, he stated that Crusoe's "*true property--his **actual control** over material goods--would extend only so far as his actual labor brought them into production. His true ownership could not extend beyond the power of his own reach.*"

What, then, would Rothbard say about large American corporations owning, but not using, millions of acres of land, as some now do? He gives us his answer in an essay he wrote on Henry George's Land Value Tax idea, entitled "*The Single Tax: Economic and Moral Implications*" (FEE "Special Essay Series," 1957). Here are a few examples from that work:

Well, what about idle land? Should the sight of it alarm us? On the contrary, we should thank our stars for one of the great economic facts of nature: **that labor is scarce relative to land**...Since labor is scarce relative to land, and much land must therefore remain idle, any attempt to force **all** land into production would bring economic disaster. Forcing all land into use would take labor and capital away from more productive uses, and compel their wasteful employment on land, a disservice to consumers. [Emphasis Rothbard's.]

Of course, LVT would and could do no such thing, as those who strive to put idle land into productive use would have to bid against other land users for labor, and only the best uses of labor and land would win out. Thus, rather than **forcing** all land into use, LVT would **discourage** all but the most productive use of land, just as any market tends to allocate resources most wisely. Another thing that would happen is that the earnings of labor would increase due to increased competition for it, and (ideally) none of the produced wealth would go to landowners *qua* landowners. Let me rephrase Rothbard's last sentence in a way that makes sense: *Forcing land users to pass over ideal idle land and utilize marginal land instead, is wasteful of human labor and natural opportunities, a disservice to all mankind and a boon only to landlords and land speculators.*

But here's the most embarrassing passage:

A 100% tax on rent would cause the capital value of all land to fall promptly to zero.

Correct.

Since owners could not obtain any net rent, the sites would become valueless on the market.

**False!** They'd be valueless only to those market participants who wish only to speculate in land, not to those who wish to **use** land in some productive endeavor.

From that point on, sites, in short, would be **free**.

Wrong again. While it's true there'd be no **sale** price for vacant land, one would still have to pay the ground-rent to use it.

Further, since all rent would be siphoned off to the government, there would be no incentive for owners to charge any rent at all.

Wrong yet again. He's assuming the LVT would be set by an actual ground-rent charged by the landlord, rather than being an assessed value that would have to be recouped. And, I might add, total rental costs would tend to decrease as additional units come on the market as the monopoly stranglehold on land loses its grip.

Rent would be zero as well, and rentals would thus be free.

He continues to pound a straw man.

The first consequence of the single tax, then, is that no revenue would accrue from it.

He took a wrong turn, and just keeps going!

Far from supplying all the revenue of government, the single tax would yield no revenue at all! For if rents are zero, a 100% tax on rents will also yield nothing.

Rothbard then goes on to state,

Compelling any economic goods to be free wrecks economic havoc...the result is to introduce complete chaos in land sites.

Completely false. Even if LVT were applied at a national level, and there were no competition among municipalities for residents, people would still bid on the leases of occupied property, providing price information. (For more on this, see p. 97, "How would LVT work?")

In **Power and Market: Government and the Economy** (second edition, 1977), Rothbard went even further into the realm of irrationality in his attempt to refute Georgist land theory (p. 131):

Contrary to Georgist doctrine, however, the land problem does not stem from free-market ownership of ground land.

I know of no Georgist who would **ever** use the phrase "free-market" in conjunction with our current, individual monopoly market in land.

It stems from failure to live up to a prime condition of free-market property rights, namely, that new, unowned land be first owned by its first user, and that **from then on, it become the full private property of the first user or those who receive or buy the land from him.** [my emphasis]

It is an obvious fiction that any use, however small or large the effort, should grant full private ownership for all time, unless we're talking about a make-believe world with unlimited land where access to all of it is instantaneous (i.e., where travel time is zero). This fiction ignores the fact that someone who, for example, puts up a fence and lets a cow graze, is much less the

rightful "owner" of land than one who builds an industrial plant or a shopping mall. (For more on this, see p. 79, "Anti-Rothbard...")

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To purchase *Libertarian Party at Sea on Land*, [click here](#).

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## 7. Isn't the LVT based on Karl Marx's labor theory of value?

No. Karl Marx's labor theory of value asserts that the value of an object is a result of the labor expended to produce it. Henry George flat-out *rejected* this view:

*"It is never the amount of labor that has been exerted in bringing a thing into being that determines its value, but always the amount of labor that will be rendered in exchange for it."* -- [The Science of Political Economy](#), p. 253

Why, then, do some mistakenly identify Marx's labor theory of value as being one of the core premises of the LVT? Because many LVT-advocates often describe land value as being produced by the community, and, in so doing, unwittingly sacrifice clarity for brevity. What they actually mean is this. It's not that members of the surrounding community produce land value *itself*, but that they produce the goods and services which *give rise* to that value. [Max Hirsch](#) put it this way:

*"The value of labour-products is the measure of the service which their rightful owner has rendered to the community. The value of land is the measure of the service which the community is expected to render to the owners of land."* -- [Democracy vs. Socialism](#), p. 348

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## 8. Isn't the LVT based on the Marxist idea that the right to land is a collective right?

No, it is based on the *Lockean* idea that the right to land is an *equal* right.

By that I mean: the idea that an individual has "property" in land only to the extent that there is, in the words of John Locke, "enough, and as good left in common for others." In that sense, the right to land is not a collective right, but an *individual* right that exists independently of the collective (i.e. "society"). The *equality* of this right is merely a limitation that arises from the presence of others with like rights.

By contrast, a collective right to land dictates that an individual does not have a right to use *any* land unless society -- either explicitly or by omission -- has *granted* him the right to do so.

With the equal right to land, one does not require the consent of society to use land. The right to the use of land belongs at birth to each individual. So while the consent of others is not needed, it is, nevertheless, necessary that in the *exercise* of that right, one does not infringe upon the equal right of others -- i.e., violate Locke's proviso that there be "enough, and as good left in common for others." And since the rental value of land provides an accurate measure of the extent to which said proviso has been violated, "others" should be compensated *in accordance* with that value. At the same time, of course, all taxes on labor and capital should be abolished, since they violate the exclusive right that each individual has to the fruits of his own labor.

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## **9. Isn't concentrated ownership of land just, so long as it's based on voluntary transactions?**

No, because if only *some* people "own" the earth, then only *some* have a right to live upon it.

All individuals must have access to the earth in order to exercise their right to sustain their own lives. Thus, to allow the earth to become the unconditional property of a relative few is to *deny* this right to everyone else, since it makes the latter obligated *at birth* to pay the former for mere access to the planet -- as if the former were responsible for the earth's very *existence*.

While the private collection of land rent may seem harmless at a micro-level, at a macro-level it constitutes an entitlement scheme, whereby Group A receives payment from Group B, even though Group A renders no service in return. In that sense, it violates the right of the members of Group B to the fruits of their labors.

*"As soon as the land of any country has all become private property, the landlords, like all other men, love to reap where they never sowed."* -- Adam Smith, [The Wealth of Nations](#), Bk 1, Ch. 6

If some people fail to see this, it is because they, in the words of Henry Hazlitt, "overlook the woods in their precise and minute examination of particular trees." In this case they overlook the affect that private rent-collection has on the economy as a whole in their precise and minute examination of particular transactions, and how these transactions benefit particular groups. Overall, the payment of land rent to the few at the expense of the many imposes on the latter artificially high costs of living on one hand, and artificially low wages on the other.

To learn more about why the current land market is anything but "voluntary," read the following article by Fred Foldvary.

<http://www.progress.org/archive/fold239.htm>

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## 10. As a general rule, taxation is wrong since it involves the use of force. Is a "tax" on land value an exception to this?

Yes, for the simple reason that "force," as such, is neither good nor bad. If used to defend one's person or property from aggressors, or to enforce payment of a *rightful* debt, it is a good thing. If used to harm the person or property of a non-consenting other, or to enforce payment of a *wrongful* debt, it is a bad thing.

A tax on wages or interest implies that the income one receives in return for the exertion of one's labor, or for the use of one's capital goods, belongs (at least in part) to others. This conflicts with the basic libertarian principle that you have an exclusive right to the fruits of your labor.

A tax on [rent](#) implies that the income one receives for the value of the land one holds belongs to others. Since land *itself* (1) is not the fruit of anyone's labor, and (2) is that to which all have an equal right of access; and since the *rent* of land (1) is not a return to labor, and (2) reflects the extent to which Locke's proviso has been violated, a "tax" on rent does not conflict with the principle that you have an exclusive right to the fruits of your labor, but is in fact a just and necessary means of upholding it.

Thus, the part of one's income that is taken via taxation of wages and interest constitutes the enforcement of a *wrongful* debt, whereas the part of one's income that is taken via taxation of rent constitutes the enforcement of a *rightful* debt.

*"As to what constitutes robbery, it is...the taking or withholding from another of that which rightfully belongs to him. That which **rightfully** belongs to him, be it observed, not that which legally belongs to him."* [Emphasis original] -- Henry George, [Property In Land](#), p. 46.

Still, critics will argue, a tax on rent involves the use of force, and is therefore wrong. The problem with this argument becomes evident when they are presented with the scenario of a tenant no longer able to pay a titleholder for the value of the land he is using, and then asked whether or not it would be legitimate to use force to remove the tenant from the titleholder's land. They typically answer yes to this question, and when pressed for an explanation, finally concede that yes, there *is* such a thing as a legitimate use of force when it comes to upholding a *rightful* debt.

The dispute, then, is not over whether force, in and of itself, is right or wrong, but whether the debt in question is right or wrong -- i.e., whether or not the taxation of rent conflicts with the libertarian principle that each person has property in himself and, by extension, in the fruits of his labor. Geolibertarians hold that it does not so conflict, since rent, as mentioned before, is not a return to labor.

Rent is in fact a return to land, meaning the percentage of one's income one could receive simply by renting out the land one holds to someone else. Yet to whom does this value *rightfully* belong? Since land values derive, *not* from what titleholders do, but from the extent to which "others" (particularly those who make up the surrounding "community") are denied access to land they wish to use, and to which they have an equal right of access, it follows that this value is rightfully *owed* to these others, while wrongfully owed to

titleholders. All individuals have an [equal right](#) to land, so all have an equal right to the rental value thereof.

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## 11. Wouldn't the LVT make it more difficult to own land, especially for poor people?

No, because land rent, as mentioned before, gets paid either way -  
- *regardless* of whether or not it gets diverted into the public treasury.

Even when you pay the sale price of land, you are paying land rent, since the sale price is simply the rental value divided by the interest rate. And since land is in fixed supply, decreases in land value taxation are invariably capitalized by titleholders into higher rents and land prices. Thus, people in general, and the working poor in particular, end up paying back in higher rents and land prices what they presumably get from the tax cut; and pay back even more in terms of (1) a lower [margin of production](#) (and thus lower pre-tax wages), and (2) a heavier reliance on wage and sales taxes.

So once again, it is not a question of *if* land rent gets paid, but to whom and on what basis -- to a fraction of the population, on the basis of the earth being "owned" by a relative few; or to everyone equally, on the basis of the earth being that to which all have an equal right of access? Geolibertarians believe it should be the latter, since that is the only just and practical way of establishing true equality of opportunity *without* enforcing equality of outcome in the process.

As for poor people, the LVT would actually make it much *easier* for them to acquire land, since it would reduce the artificially high price of land, as well as increase wages by raising the margin of production, on the one hand, and reducing the need for wage taxes, on the other.

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## 12. Wouldn't the LVT discourage production?

No, because the value of land has no reference to a *cost* of production; it is purely a function of demand. This, among other things, led Adam Smith to conclude that:

*"Both ground-rents and the ordinary rent of land are a species of revenue which the owner, in many cases, enjoys without any care or attention of his own. Though a part of this revenue should be taken from him in order to defray the expenses of the state, **no discouragement will thereby be given to any sort of industry**....Ground-rents and the ordinary rent of land are, therefore, perhaps, the species of revenue which can best bear to have a peculiar tax imposed upon them."* [Emphasis mine] -- [The Wealth of Nations](#), Bk 5, Ch. 2, Pt 1

Nobel prize-winning economist, Paul A. Samuelson, reached the same conclusion two centuries later:

*"The striking result is that **a tax on rent will lead to no distortions or economic inefficiencies**. Why not? Because a tax on pure economic rent does not change anyone's behavior. Demanders are unaffected because their price is unchanged. The behavior of suppliers is unaffected because the supply of land is fixed and cannot react. Hence, the economy operates after the tax exactly as it did before the tax--with no distortions or inefficiencies arising as a result of the land tax."* [Emphasis original] -- [Economics](#), 16th ed., p. 250

What is even more "striking" is that Samuelson's remarks are only half-true. Not only will a tax on rent lead to no distortions or economic inefficiencies, it will actually *stimulate* the economy by (1) lowering the entrance-barrier into the market place, and (2) encouraging much more efficient use of land within that market place. A well-documented case in point is the overall success of the "[split rate](#)" property tax (whereby land values are taxed at a higher rate than improvements) in over a dozen localities throughout Pennsylvania.

It is the taxation of wages and interest that discourages production -- "wages" being the return to labor, and "interest" the return to capital. Thus, it follows that the more we shift the tax burden off labor and capital and onto land values, the more prosperous the economy will be overall. Henry George put it this way:

*"To abolish that taxation which, acting and reacting, now hampers every wheel of exchange and presses upon every form of industry, would be like removing an immense weight from a powerful spring. Imbued with fresh energy, production would start into new life, and trade would receive a stimulus which would be felt to the remotest arteries. The present method of taxation... operates upon energy, and industry, and skill, and thrift, like a fine upon those qualities. If I have worked harder and built myself a good house while you have been contented to live in a hovel, the taxgatherer now comes annually to make me pay a penalty for my energy and industry, by taxing me more than you. If I have saved while you wasted, I am mulct, while you are exempt. If a man build a ship we make him pay for his temerity, as though he had done an injury to the state; if a railroad be opened, down comes the tax collector upon it, as though it were a public nuisance; if a manufactory be erected we levy upon it an annual sum which would go far toward making a handsome profit. We say we want capital, but if any one accumulate it, or bring it among us, we charge him for it as though we were giving him a privilege. We punish with a tax the man who covers barren fields with ripening grain, we fine him who puts up machinery, and him who drains a swamp....*

*"To abolish these taxes would be to lift the whole enormous weight of taxation from productive industry. The needle of the seamstress and the great manufactory; the cart horse and the locomotive; the fishing boat and the steamship; the farmer's plow and the merchant's stock, will be alike untaxed....Instead of saying to the producer, as it does now, 'The more you add to the general wealth the more shall you be taxed!' the state would say to the producer, 'Be as industrious, as thrifty, as enterprising as you choose, you shall have your full reward! You shall not be fined for making two blades of grass grow where one grew before; you shall not be taxed for adding to the aggregate wealth.'" -- [Progress & Poverty](#), pp. 434-435*

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### 13. There are some who still insist that the LVT would discourage production since the value of land cannot be separated from the value of improvements. Is that true?

No, it has long been common practice in the real estate industry for land value to be assessed separately from the value of improvements:

*"Land value represents the present market value of the land. It does not include the value of improvements. Land value is arrived at through an analysis of current sales of comparable land in the general area. **It is computed separately because land is not depreciable.**"* [Emphasis original] -- William L. Ventolo, Jr., Ralph Tamper and Wellington J. Allaway, [Mastering Real Estate Mathematics](#), p. 115.

The only people who seem intent on ignoring this fact are opponents of the LVT.

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### 14. Some people claim there are documented examples of land being produced. Doesn't this refute the idea that land is in fixed supply?

No. Those who insist otherwise are confusing two different senses of the word land. In the every day sense, land usually refers to the dry surface of the earth; in the economic sense, however, it refers not just to the dry surface of the earth, but to the entire material universe, excluding humans and their products. In other words, land is not merely matter that occupies space; it *is* space. While matter can certainly be manipulated within that space, space itself cannot be added to or subtracted from. This is precisely why the value of "land" is often and more accurately described as the value of "location."

*"The essential feature of land is that its quantity is fixed and completely unresponsive to price."* -- Paul A. Samuelson & William D. Nordhaus, [Economics](#), 16th ed., p. 248

*"Land has no production cost; it is a 'free and nonreproducible gift of nature.' The economy has only so much land, and that is that. Of course, within limits any parcel of land can be made more usable by clearing, drainage, and irrigation. **But these are capital improvements and not changes in the amount of land itself.**"* [Emphasis mine] -- Campbell R. McConnell & Stanley L. Brue, [Economics](#), 14th ed., p. 604

*"Land, which is the earth's surface, is immobile. It is true that some of the substances of land are removable and topography can be changed, but still that portion of the earth's surface always remains. The geographic location of any given parcel of land can never be changed. It is rigid and fixed."* -- Wade E. Gaddy & Robert E. Hart, [Real Estate Fundamentals](#), 4th ed., p. 9

*"Remember: No one is making any more land."* -- William H. Pivar, [Real Estate Investing From A To Z](#), revised edition, p. 3

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## 15. Isn't land less important in today's economy than it was decades ago?

No. To understand why, simply ask yourself the following question. If the importance of land is indeed going down, why does the *price* of land keep going *up*?

The answer is that, as the economy grows, the importance of land grows along with it -- especially for the working poor. If you doubt this, visit the following links:

- [As Jobs Vanish, Motel Rooms Become Home](#)
- [Economic Woes Lead to Proliferation of Tent Cities Nationwide](#)
- [Invest in Land or Buildings](#)

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## 16. Are land values capable of generating the revenue needed for the legitimate functions of government?

The answer to this question depends on (1) how you interpret [national income figures](#), (2) what you consider to be the "legitimate" functions of government, (3) the extent to which a reduction in taxes on labor and capital would drive up the rental value of land (and thus revenue capacity), and (4) the extent to which shifting to a land-based tax system would increase economic output (and thus the tax base).

With respect to national income figures, many economists accept (seemingly without question) the Commerce Department's claim that [land rent](#) makes up only 2% of the national income. Assuming for the sake of argument that this is true, that means, with the national income at roughly \$10.8 trillion as of last year (2005), a land-based tax system could yield little more than \$216 billion in annual revenue.

Not all economists, however, subscribe to the belief that rent constitutes only 2% of the national income. For instance, in [The Losses of Nations](#) (1998), Fred Harrison explains how a study by Wall Street economist Michael Hudson revealed that the revenue capacity of land is about **14%** of the national income, or what in 2005 would amount to approximately **\$1.5 trillion** in annual revenue.

With respect to the "legitimate" functions of government, there are some who consider all current expenditures (including [corporate welfare](#) and the insane [drug war](#)) to be "legitimate," in which case the LVT would need to generate roughly \$3.2 trillion in annual revenue for all levels of government. On the other hand, there are some who consider "legitimate" only those expenditures that go toward protecting individual rights (e.g., defending our national borders from military invasion, enforcing laws against force and

fraud, adjudicating civil disputes, etc.), in which case the LVT would need to generate no more than \$1.5 trillion in annual revenue for all levels of government.

With respect to the reduction of taxes on labor and capital, and the effect this has on the rental value of land, economists throughout history have observed that, when said taxes are lowered, land rent tends to rise proportionately. Why? For the simple and obvious reason that, the more people can afford to pay for access to a fixed quantity of land, the more titleholders tend to charge higher rents. If, for instance, the payroll tax were abolished, most of the resultant increase in take home pay would be absorbed by higher rents. Thus, it follows that the more the tax burden on labor and capital is reduced, the more the revenue capacity of land is raised by a comparable amount. (Economist Mason Gaffney explains this more thoroughly in Ch. 7 of *The Losses of Nations*.)

And finally, with respect to economic output, it is common knowledge that, all else being equal, an increase in output means an increase in tax revenue (regardless of the tax system in place). It is also common knowledge that, all else being equal, an increase in output means an increase in the rental value of land (regardless of whether land rent is collected publicly or privately). The question thus arises: to what extent would a land-based tax system increase output, and hence the tax base? On page 147 of "The Losses of Nations," economist [Nicolaus Tideman](#) estimates that

*"...a shift to public collection of [rent](#) as the principal source of public revenue in the U.S. in 1993 would have increased the output of the U.S. economy by **\$1,602 billion** above its actual level for 1993, implying that the U.S. economy is producing only 77 percent of what it could produce with a better tax policy." [Emphasis mine]*

All that being said, if you take the Commerce Department at its word on rent being only 2% of the national income; if you believe that current tax revenue outlays at all levels of government should be maintained; and if you ignore the extent to which both land values and economic output would skyrocket in the absence of taxes on labor and capital, then you will undoubtedly conclude that land values are not an adequate source of public revenue.

If, on the other hand, you agree with Dr. Hudson's conclusion that rent is approximately 14% of the national income ([if not more](#)), then even if you oppose a *moderate* reduction in overall spending; and even if you ignore the increase in land values and economic output that would accompany any significant decrease in the taxation of labor and capital, the LVT would *still* allow for the abolition of the federal income tax. But if you believe that \$1.5 trillion could *easily* fund the legitimate functions of government, and if you realize the extent to which both land values and economic output would increase in the absence of taxes on labor and capital, then you will almost certainly conclude, as I have, that land values are a *more* than adequate source of revenue for *all* levels of government.

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## 17. Wouldn't the LVT hurt farmers?

No, it would help farmers. In the first place, the LVT would fall primarily on urban land, not rural land, since land values are concentrated primarily in

urban areas. In the second place, the increased cost of paying a higher tax on land value would be more than offset by (1) the savings incurred from paying lower taxes on everything else, (2) the reversal of [urban sprawl](#) (and thus of the inflationary pressure that sprawl currently imposes on the value of farmland), and (3) the increase in income that would result from both a higher [margin of production](#) and a surge in [overall economic activity](#).

For supportive empirical evidence, see the following:

- [http://members.aol.com/ht\\_a/tma68/agriculture.htm](http://members.aol.com/ht_a/tma68/agriculture.htm)
- <http://www.earthrights.net/docs/pa-farmers.html>

For a more exhaustive treatment of the underlying principles, see:

- <http://schalkenbach.org/library/george.henry/pp093.html>
- <http://schalkenbach.org/library/george.henry/sp20.html>

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## 18. How would the LVT be implemented?

In short, the same way it is now. Critics of the LVT are fond of pretending that land values are not already being taxed, when in fact they *are* (albeit to a limited extent) by existing property taxes. The machinery for the LVT is already in place. Thus, all that is necessary to implement the LVT locally is to exempt houses, buildings and other improvements from taxation, and thereby focus existing property taxes on land values only. In this way the property tax would be converted to a land value tax.

As for state and federal taxation, geolibertarians advocate a bottom-up system whereby a portion of the LVT-revenue generated locally is sent to the applicable state governments, and a portion of that, in turn, to the federal government. Ideally, this would be phased in over a period of years. That is, as the LVT is slightly increased each year, taxes on wages, sales and capital goods would be slightly decreased. This process would continue until all taxation is eliminated save for a [single tax](#) on land values.

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## 19. Where do geolibertarians stand on other issues?

The term, geolibertarian, contains the word "libertarian" for a reason -- namely, to signify general agreement with the libertarian philosophy, and thereby distinguish libertarian supporters of the LVT from non-libertarian supporters. Thus, as one might expect, geolibertarians agree with much of the Libertarian Party (LP) [Platform](#). They also agree with the basic libertarian principle that all persons are entitled to keep the fruits of their labor.

Land, however, is not the fruit of *any* person's labor. This is where the prefix "geo" comes in. "Geo" refers both to a general emphasis on land (as it does in the term, geography), and to a particular emphasis on the Georgist system of private land tenure. Thus, for reasons explained elsewhere in this FAQ,

geolibertarians take exception with the LP Platform's [Rothbardian](#) position on landed property, particularly as it applies to the community-collection of land rent.

In addition, some geolibertarians take exception, as I do, with the Rothbardian position on monetary reform. While I agree with Rothbard's critique of [fractional reserve banking](#), I disagree with his insistence that the *only* way to eliminate "chronic inflation, as well as the booms and busts brought by that system of inflationary credit," is to return to "a monetary system where a market-produced metal, such as gold, serves as the standard money" ([The Case Against the Fed](#), p. 146).

Not only is that not the "only" way, it's not the best way. ([Click here](#) to read about problems with the gold standard). I'm convinced there are at least two methods of monetary reform preferable to the one proposed by Rothbard.

One method, proposed in Robert De Fremery's [Rights vs. Privileges](#), is to peg the debt-free expansion of the U.S. money supply to a "population standard." Another is to peg said expansion to the consumer price index (or something similar) -- that way, if the price level began to rise, the law would require (1) a moderate decrease in the percentage of government spending that comes from newly-issued Treasury currency, and (2) a proportionate increase in the percentage that comes out of tax revenue. If the price level began to fall, the law would require the reverse.

As the resultant decrease in the [public debt](#) freed up an increasing percentage of the \$200+ billion wasted every year on interest payments alone, and as the resultant boom in prosperity increased the tax base, tax revenues would soon exceed overall expenditures, thereby creating a *real* budget surplus (as opposed to the phony, "projected" surplus we heard so much about in the late '90s). At that point, adjustments to the growth-rate of the money supply could be made simply by adjusting the percentage of the surplus that is rebated to taxpayers. In other words, the rebate would go down if the price level went up, and up if the price level went down.

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## 20. What are some other geolibertarian web sites?

Dan Sullivan's Geolibertarian Home Page  
<http://geolib.com>

The Thomas Paine Network  
<http://www.tpaine.org>

Fred Foldvary's Home Page  
<http://www.foldvary.net>

The Banneker Center for Economic Justice  
<http://www.progress.org/banneker>

The Henry George Institute  
<http://www.henrygeorge.org>

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## 21. What are some major geolibertarian writings?

[Agrarian Justice](#) - by Thomas Paine

[Progress and Poverty](#) - by Henry George

[Social Problems](#) - by Henry George

[Democracy vs. Socialism](#) - by Max Hirsch

[Selected Articles by Harry Gunnison Brown: The Case for Land Value Taxation](#) - by Harry Gunnison Brown

[Libertarian Party at Sea on Land](#) - by Harold Kyriazi

[Rights vs. Privileges](#) - by Robert De Fremery

[Public Revenue Without Taxation](#) - by Ronald Burgess

[Land and Taxation](#) - edited by Nicolaus Tideman

[The Corruption of Economics](#) - by Mason Gaffney and Fred Harrison

Of the above list, *Libertarian Party at Sea on Land* and *Rights vs. Privileges* are the two best introductions to geolibertarian principles. If you enjoy heavy reading, the two best are *Progress and Poverty* and *Democracy vs. Socialism*. (In the latter, Max Hirsch improves upon Henry George's treatment of [interest](#), thereby removing the sole logical blemish from the economic views expounded in the former.)