CHAPTER 9

OBJECTIONS AND OBSTACLES

Only the little people pay taxes.

Leona Helmsley (1920-2007):
Billionaire American businesswoman

9.1 Typical Objections to LVT

These are some of the routine objections raised by opponents of LVT:

- LVT is a form of wealth confiscation
- The 'Poor-Widow' objection
- Separate valuation of land would be too difficult.

The following are my responses.

<u>LVT is a Form of Wealth Confiscation</u>

In the Mirrlees Review of 2011, the comment is made that there are those who see the taxation of wealth 'as the unjustified confiscation of private property'[1] —a view that is more likely to be held by the wealthy than the less wealthy. To respond to this charge we have to return to the principle of 'ability to pay', noted in

Chapter 1, and the issue of 'identification and measurement', discussed in the Introduction.

LVT is generally considered to be a wealth tax (or one might say a tax on the ownership of the access to wealth). It is also an excellent way of identifying the location of that wealth and providing a means of measuring it.

No one is trying to disguise the fact that LVT would shift the burden of taxation off the less wealthy onto the more wealthy; indeed this is one of its main purposes. For many years politicians of all colours have seen themselves as champions of the poor. They spend endless time and effort devising legislation to improve the condition of the poor by trying to reduce the inequalities of wealth distribution that exist within society. These efforts have been going on for decades in vain, for they deal only with symptoms and never face up to the causes. One of the prime causes of the maldistribution of wealth is due to the misunderstanding and misuse of the economic rent of land. LVT faces up to this problem directly and head-on.

As mentioned in Chapter 7, with any change toward a system of LVT there would be winners and losers. The losers would be the wealthy who for generations have reaped the unearned benefit of the economic rent at the expense of the rest of society. With some honourable exceptions, they will no doubt cry 'foul', 'confiscation', 'class envy', 'Communism' and whatever else they can think of to protect their privilege. What would be confiscated is the capacity of private landowners and speculators to increase their unearned wealth gained from the work of others, and thereby exacerbating the ever-widening wealth gap.

The acceptance of LVT amongst ordinary citizens would depend on their acceptance of the principle of just deserts and not on exploiting some opportunity to gain something for nothing. I suggest that the winners would include everyone—even the rich. The necessary openness of an LVT system would increase efficiency at all levels of production. The owners of industries and service organisations would benefit by being able to sell their products and services more readily to a wealthier population. In 1914, in order to solve the problem of employee turnover, Henry Ford doubled the pay of his workers, resulting in a significant increase in his company's production and profits.[2]

Companies could also save money otherwise spent on paying expensive lawyers and accountants to devise clever ways of avoiding taxes; a waste of talent that could otherwise be employed for a more socially beneficial purpose.

A common theme that recurs frequently with objectors is the one of fairness: that taxing wealth in the form of accumulated assets is unfair. It may be acceptable to tax any income derived from an asset, such as that from renting out a house, or interest on shares or savings, but not in order to 'confiscate' a portion of the capital value of the asset itself, which is how the effect of LVT is often seen.

The response to this objection depends on the acceptance of the three classical divisions of economic reward: wages to labour, rent to land and interest to capital. Unfortunately, the neoclassical/neoliberal view that still dominates economic thinking at the present time does not recognise land as being different from any other capital asset, so a tax on it is more likely to be seen as confiscation. And so it is basically a matter of education or, where the neoclassical view is concerned, re-education.

Any acceptance of LVT in principle amongst economists will require a basic change in this attitude—towards the status of land. The issue of fairness is directly related to the perennial objection concerning the ability to pay, proffered curiously by the rich as well as the poor. This argues that simply having a valuable asset does not mean one is able to pay some new tax, at least not without having to sell or mortgage the asset. There is some truth in this, but it disregards the fact that LVT would be a replacement for other taxes (see Chapter 10, Taxes to Eliminate, Modify or Keep) and also that there would need to be a gradual transition period (see Chapter 7, Winners and Losers). Undoubtedly, a tax on land would adversely affect those whose wealth was invested in land assets, but only in the sense of surrendering a proportion of the increase in value created in any case by the community at large.

On reading through many objections, one gets the sense that the objectors are making the erroneous assumptions that LVT would be an additional tax that would be introduced overnight, which would of course be highly disruptive. Were these misconceptions to be corrected, the strength of the objections would be much reduced. The issue of the ability to pay is one of principle—determining who should pay and how much.

This takes us back to the basic principles behind all taxation, discussed in Chapter 1. As has been said earlier, all taxes have to come from some form of wealth or wealth-creation activity. To describe such taxes as confiscatory is nonsense. It would be more helpful to see taxes as contributions, towards enabling a society to function as it should.

The 'Poor Widow' Objection

The poor widow objection has been around for at least a hundred years; at least since Winston Churchill expressed his exasperation in a speech to parliament in 1909.[3] It has become a shibboleth that is instantly brandished, even by those who admit to having only a vague knowledge of LVT; by some uncanny means they seem to know all about the poor widow. In more recent times it is expressed as the problem of the 'asset-rich, income-poor', or more specifically, elderly people having only a state pension but still living in the large family home—especially widows in mansions. This issue has been discussed to exhaustion, and it is largely agreed amongst LVT advocates that the best solution is the deferment system, whereby any tax increase arising from a change to LVT is deferred and settled out of the estate at death, or from the proceeds at any prior point of sale.[4]

The poor widow objection is based on certain assumptions that in any case may not be true, namely that:

- With LVT the tax liability will always go up rather than down.

- The house in which the poor widow lives is in a high-value location.
- Any revaluation assessing land and buildings separately will be to the detriment of those living in large houses.

It tends to be forgotten that the poor widow is already paying a council tax based on selling price values. If she is in a large house, it is likely to fall within the current highest band H already, which she is having to pay out of her pension now. If the house is in a low-value or even average-value area, under LVT her tax bill might go down. It should be remembered that within the current valuations, or any new revaluation, it is only relative values that matter, not absolute values; the total tax take is the same. Since the last valuation in 1991, relative land values may have changed a great deal, but this is much less likely with relative building values. If there is any change in fortune for the poor widow, it will relate more to where she is living than the size of her house; it is quite possible that she could gain rather than lose.

Valuing Land Separately Would Be Too Difficult

This must be one of the weakest of objections, and it seems to be peculiar to Britain. Other countries that have practiced LVT or have some form of LVT in place report no particular problems with making separate valuations for land and buildings. The Danes had a National LVT from 1957 to 1960, during which time the Danish economy prospered.[5] They have had local LVT since 1926 with revaluations every four years.

Since 1998, valuations have been updated annually.[6] The Australians have for many years employed different forms of LVT in different states, with regular revaluations, and do not report any special difficulties. Many towns in the USA practice the 'split-rate' system, which requires separate valuations for land and buildings on a regular basis.

In 1964 a land value survey was carried out in the town of Whitstable in Kent for the Rating and Valuation Association. The valuer's report included valuation lists and site value maps and was carried out without any insuperable problems. In his conclusion the valuer commented that, 'the field work involved in valuing site only is very much less than valuing site plus improvements.'[7] In a follow up survey done in 1973, the same valuer said, 'The field work was done with notable speed.'

In a 2010 report for The Green Party of Scotland, the environmental scientist Andy Wightman commented:

> Valuers in Scotland have no difficulty in general in valuing land and property for a range of purposes.[8]

With reference to a land value survey carried out for the Inland Revenue in 1910, he also commented:

> If the Edwardians can manage to survey the ownership and management of all land in Britain and Ireland with paper and ink, there is no reason why modern aerial imagery, computerised mapping and GIS technology cannot do the same a hundred years later.

In 2005, a land value tax study was also carried out for Oxfordshire County Council.[9] The study group included a qualified surveyor who reported, 'Valuations based on the undeveloped value of land present no special problems for a professional valuer.'

Professional valuers no doubt have their own sophisticated methods for making separate site valuations, but for the layman there is a simple method known as the residual system, which is easy to understand: If you take the overall value of the property (the selling price), and deduct the replacement cost of the building, allowing for age depreciation, the remainder would be the site value. Insurance companies are continuously engaged in assessing the replacement costs of buildings for insurance purposes. For a newly built house, the process would be even easier: where one would simply deduct the builder's costs and profit without any depreciation.

Another possibility for valuing the land without contestation from the landholder is through the method of self-valuation. This allows the landholder to make his own assessment of the value, with the condition that the taxing authority reserves the right to purchase the land at the declared price. O'Regan notes that in New Zealand this method was incorporated in the general property tax of 1879.[10]

The Land Registry

A further reason that is often raised by opponents of LVT, for the supposed difficulty of making a comprehensive valuation, is the fact that the Land Registry is only 85% complete. This is largely due to the difficulty of tracing landowners who do not wish to reveal their identity, who hide behind offshore shell companies, or obscure agencies. After the government proposed the privatisation of the Land Registry in 2014, it was discovered that all the potential bidders had links to offshore tax havens.[11] The proposed legislation was subsequently withdrawn.

Although it is obviously preferable for the Registry to be complete, it is not absolutely essential. Assuming that the current occupant of the site is, for whatever reason, not able to reveal the identity of the owner, then the LVT charge would be served on the occupant who would then be able to deduct the same amount from whatever rent he or she was paying to the agent. Where vacant sites with no occupant were concerned, the government could, via the international media, declare its intention to expropriate the site, unless the owner came forward within six months.

General Notes:

- Objections to LVT are dealt with comprehensively in Mark Wadsworth's blog: http://kaalvtn.blogspot.fr/p/index.html
- Also refer to the FAQs of Land Value Taxation Campaign's site: http://www.landvaluetax.org/frequently-asked-questions/
- Further useful comment on the subject of valuations can be found in the paper by Dr Tony Vickers, 'Questions around the Smart Tax', on the ALTER website:
  http://libdemsalter.org.uk/en/article/2013/737148/questions-and- answers-on-lvt-a-need-to-update-them

9.2 Obstacles to Implementing LVT

There would be several formidable obstacles to the adoption of LVT.

- Resistance from landowners and speculators
- General resistance to 'wealth taxes'
- Lack of understanding of the principles of LVT
- Political resistance
- Academic resistance

Resistance From Landowners and Speculators

It is understandable that landowners would resist any system that would reduce the benefits they derive from the collection of the economic rent. LVT would of course divert this collection away from landowners and towards the public purse.

Historically landowners have always held great power and influence over politicians and within established institutions. Indeed, they have themselves often been the politicians or leading figures within these institutions, and so there is a built-in vested interest against any form of land reform that would alter the status quo—the 'rentier' system of land ownership that has underwritten the wealth of the rich over many centuries.

In his book, *Why We Can't Afford the Rich*, Andrew Sayer says, 'The infiltration and capture of the state by the rich has been a piecemeal process, with roots going back decades.'[12] Also, Collier comments: 'Vested interests know far more about the nature of their advantage than public officials can possibly know.'[13]

Whereas the landowner may be seen as a passive actor in this scenario, the land speculator is actively engaged in trading in land; buying when the price is low and selling when the value has risen. Profits accrue due to surrounding development and increased demand for new sites; a demand which he has not necessarily had any hand in creating. Rather than the landlord's regular collection of the economic rent over the long term, the speculator is more interested in the immediate profit to be made by the sale of a site whose value has been enhanced by adjacent development or publicly funded infrastructure. The speculator will deliberately hold the site out of use in order to bid up the value.

Land speculation of this kind has always been viewed with disapproval, as adding nothing to the public benefit, but as simply a means of personal enrichment, without any contribution to society. Certainly, a speculator may make a misjudgement and find that the anticipated development does not take place, but he would still probably be able to sell off the land for almost what he paid for it.

Property developers who buy sites and develop them through actual building work are serving a useful social purpose, but they are also very aware that in a growing community it is the site-value factor that will enable them to command a good price for their development. In a developing community, time is always on the side of the land speculator. So it is clear that in a developing community, land ownership, in whatever form it might take, can provide considerable unearned financial advantage. This advantage would be threatened by the onset of LVT and would not be surrendered easily.

After the publication of Henry George's *Progress and Poverty* in 1879, the idea of LVT became very popular throughout the world and reached its heyday just prior to World War One, but the landowning interests were able to marshal the forces necessary to organise an effective resistance, politically, academically and philosophically.

Walter Rybeck provides a historical example of the landlord's and banker's resistance to LVT, in the case of the 1917 Wright Act in California, related to the funding of an irrigation scheme. The Act stipulated that the finance should be raised only from a tax on the land-value increases due to the scheme. Rybeck notes that:

> Big landlords, bankers and private utilities fought mercilessly in the courts to undermine the Wright Act.[14]

In this event the landowners lost the case, but this is an example of what would confront any government—national or local—that attempted to introduce a land value based tax today.

Henry George met with much opposition after his *Progress and Poverty* became more widely read, not only from the obvious landed interests, but also from no less an authority than the Pope.

During the 1886 election campaign for mayor of New York he enjoyed the encouragement of Father Edward McGlynn, a popular catholic priest, who supported George's ideas, despite them being contrary to Catholic doctrine. The Catholic view was in favour of the individual's right to private property and saw the land value tax as verging on socialism, which was anathema to the Catholic Church. McGlynn's persistent Georgist views led to his excommunication in 1887 (which was not revoked until 1892). A year earlier the Pope had issued an encyclical, Rerum Novarum, which dealt with economic issues and which supported private property in land; completely opposed to the Georgist land value tax. George subsequently wrote an open letter to the Pope in an appeal to modify his views, but without success.[15]

According to Prof Mason Gaffney, in a paper written in 2000, the 1891 Rerum Novarum 'remains basic to Catholic thought on economic justice today.'[16]

In Britain in the first decade of the 20th century similar struggles took place (see Chapter 4). Instead of the Pope, the opponents were the Lords Spiritual and Temporal, who also understood whence a large source of their income derived. At the turn of the 20th century the landowners were powerful, though few in number. But now their ranks have been swollen by the increased number of homeowners, who are also landowners on however modest a scale. Wightman notes, 'It is the UK's growing middle classes who are the new lairds.'[17] And so, they (we?) also have a vested interest in the collection of the economic rent through increased house prices, which may be realised at any point of sale, or borrowed against as collateral. Thus, the forces that would logically be ranged against LVT are now widespread and will need to be placated rather than confronted if LVT is to have any chance of general acceptance.

A contemporary example of landowners protecting their interests was demonstrated during the parliamentary enquiry into Land-Value Capture, which took place in 2018.[18] Evidence was collected from many interested parties, and one of the issues raised was in relation to Section 5 of the 1961 Land Compensation Act, mentioned earlier. Representatives of planning and environmental groups recommended that this section should be revoked, pointing out for example that the post-war new towns and garden cities were only made possible by local authorities being able to purchase land at or near existing use value.

Despite this argument, the representatives of developers and land agents protested that removal of this provision would be unfair to the landowners, describing such a proposal as 'iniquitous' and 'contrary to the British sense of fair play'. They even went so far as to suggest that to take such action would be contrary to the European Convention on Human Rights.[19] This is perhaps a good indication of the depth of belief in private property in land and the lengths to which landowners will go to preserve their interests.

General Resistance to Wealth Taxes

It may be of interest to moralists and the HMRC how wealth is acquired, but in general for the purposes of land value taxation it simply has to be there. There is general agreement that the wealthy should be taxed more highly than the less wealthy, so the wealthy spend no little effort in disguising their wealth or devising clever schemes to keep it from the hands of the tax collector. One of these ploys is to spread the idea that the taxation of wealth is in itself immoral, or at least unfair. They would argue that everyone has the right to keep the proceeds of their own hard work, skill and industry. For the state to demand even a part of this amounts to confiscation of private property, and it should find other means of raising revenue. The weakness of this argument is that others may equally apply their hard work, skill and industry to the best of their ability, but still end up with a great deal less wealth.

The resistance to wealth taxes is strong not just among the wealthy but also the less wealthy who hope one day that their fortunes will improve. As previously noted, the ability to pay objection is also invoked by the rich. In a paper on LVT in Vancouver, Christopher England noted, in regard to the issue of land forfeited due to LVT,

> Those unable to pay were not the poor, but rather extraordinarily wealthy individuals who had overextended themselves in urban real estate and were thus short on liquid assets.[20]

If the principle of imposing taxes in proportion to the level of wealth available is accepted, the problem remains: how to measure that wealth and therefore the ability to pay. Land values provide a means of making that measurement by distinguishing areas of relative prosperity on the basis of location. More prosperous areas are wealthier, therefore more able to bear a tax. Moreover, this prosperity is created by the hard work, skill and industry of the whole of society, and is not due solely to the efforts of any particular person or organisation on any particular site.

Despite the fairness implicit in this system, property taxes remain perhaps the most unpopular form of wealth tax. There is something sacrosanct about private property, whether land or buildings, that is jealously protected. Income tax, on the other hand, is about money, which is a substitute for wealth not yet realised and perhaps less subject to personal attachment. Also, it is easier for people to understand the built-in fairness of income tax: the more you earn, the more you pay and this seems to be more acceptable. Vickers makes the point that,

> Homeowners are a powerful lobby group and prefer to see their income and expenditure taxed than their wealth.[21]

The great weakness of income tax is that the more you *work* the more you pay, but this does not seem to register with most taxpayers as a disincentive. It would appear to be a question of education; a subject dealt with in the next section.

Historically, where direct taxes are concerned, income taxes became more popular with governments from the beginning of the 20th century and rapidly overtook the land value tax, which was struggling to become established at the same time.

Lack of Understanding of the Principles of LVT

All tax systems are supported to a greater or lesser degree by some theoretical justification in the attempt to make them acceptable to the taxpayer. It is generally more difficult to justify direct taxes such as income or property taxes as they are more readily personalised. Consequently, indirect taxes (VAT and travel taxes etc.,) are always more popular with politicians, for they can usually be disguised as higher prices, which apply generally and are not directed specifically at the individual. So, where direct taxes such as LVT are concerned it is important that the taxpayers are sufficiently persuaded before the tax is imposed.

All tax revenues, have to derive ultimately from existing wealth or the wealth-creation process. Taxing individuals or organisations that have little or no wealth is not only unjust but unproductive. It is commonly accepted that wealth is represented by the ownership of goods, property, or the means of production. The wealth-creation process is represented by work, manufacture and trade. In the process of (material) wealth creation, the following principal stages may be identified, in the sequence as they arise—in the diagrams of Chapter 2:

- Work on Land: This is the essential first step of any material production, with land being defined as any natural resource.
- Division of Labour (specialisation): This increases the effectiveness of any labour and the range and quality of produce.
- Education and Skill: This input increases the efficiency of specialisation.
- Investment (of capital): This enables greater enterprise towards more ambitious wealth creation, and naturally brings into play banking, saving and shareholding.

All of these contribute to wealth creation, and as noted in Chapter 1, where taxation is concerned, it is better to inhibit them as little as possible. This is why I emphasise taxing the end result—wealth—rather than the process. So, how can we justify taxing land, which is not in itself wealth?

We have to constantly remember that the proposition is not about imposing a tax on land but on land values, which are purely an indicator of the beneficial ownership of one of the essential elements of wealth creation. It is necessary to understand that land, like money, is not wealth, and that wealth may exist without money, but not without land.

Land therefore is more essential than money, but both can be readily exchanged for real wealth at any time that there is a demand. In the case of land, as with most other things, it is the demand that creates the value. As the demand increases the value increases, without any input of labour. For this reason, the ownership of land may be seen as an existing wealth asset.

Land values provide a clear gradation of measurement of the capacity for wealth creation by the tenant and therefore the degree to which wealth may be extracted by the landowner as land rent. LVT does not touch the tenant's wealth creation activity. What it does do is redirect the portion extracted as rent away from the landowner into the public purse.

Opponents of LVT would say this amounts to confiscation, but I hope I have explained above why it is not. Neither is LVT about eliminating private landownership or nationalising land; it is about nationalising the economic rent of land. The tax would be imposed in proportion to the surplus location values for each site—the values that register above the margin of production. Those occupying sites below the margin would not be taxed; whatever product they achieved they would keep.

With regard to income tax: however unpopular it may be, one of its strengths is that it is easily understood. Through the PAYE system it is largely paid in advance, automatically, so taxpayers do not have to go through the disagreeable business of finding the money later. This idea of payment at source was introduced in the UK in 1803 by the then prime minister Addington, and it has proved successful ever since as a way of avoiding disputes and objections. There is no reason why a similar system could not be applied to LVT where the site values are known in advance.

Perhaps even more unpopular are property taxes, such as the council tax, but the council tax is accepted because people understand the necessity to finance local services. They are willing to recognise that the level of payment is related to the capital value of their house, an implicit acknowledgement of the principle of ability to pay. What people appear to have difficulty understanding is that the value of their house is determined not only by its size and quality but also by where it is located. Separating the building value from the site value is crucial to any implementation of LVT. Collier sounds an optimistic note on LVT in saying,

> It is never too late to introduce such a tax. The electorate is far better educated than it was in Henry George's day, and so it should be easier to

> build a political coalition that overcomes the resistance of vested interests.[22]

It is worth noting the current political interest in land value capture[23] and it is encouraging to see that people are readily able to understand that there should be a financial return to the public due to publicly funded infrastructure. But land value capture is confined only to these one-off events and is short-term. However, it is not a large step to understanding that land values are created not only by infrastructure projects but also other influences, and LVT takes account of all of these on a permanent basis.

Political Resistance

There has always been political resistance to land reform. Historically, in Britain, the politicians were very often the great landowners, who naturally did not want to jeopardise their primary source of wealth in any way. In the early years of our democracy, a qualification for being allowed to stand for parliament was the necessity to own property, which often meant property in land. In the early 20th century this allocation of power began to change with the extension of the franchise and the introduction of Liberal and then Labour-party reforms. But it was still not sufficient to get the land value tax proposals through parliament in 1909; the landowners' representation was still too powerful.

A good example of political collusion against land reform is given in Antonia Swinson's book, *Root of All Evil*, in which she refers to the so-called Second Domesday Book of 1873, which recorded the titles of ownership of all land in Britain and Ireland. It revealed that all of the land was owned by only 4.2% of the population, showing the landowners in a very bad light and consequently the report, 'was quietly buried from the view of academics and historians for over one hundred and thirty years.'[24] Not until 2001 was the existence of this document publicly admitted, and only due to the diligence of Kevin Cahill in researching for his book *Who Owns Britain*. According to Cahill, the Second Domesday Book was compiled within four years. In contrast, the modern Land Registry, which was started in 1925 with the introduction of the new Land Registration Act, is still only 85% complete—after 97 years. One may well ask, is there some lack of political will?

Another more recent example of a political cover-up is recorded by Chloe Timperley in her book *Generation Rent*. She refers to a report on taxation submitted to the government by Lord Stern who headed the Government Economic Service between 2003 and 2007. The report was 'buried in the chancellor's drawer' and 'never saw the light of day.'[25] In an article written for the *Financial Times* in 2014 Lord Stern revealed that, in the report, he had recommended the adoption of LVT. Timperley also records that Fred Harrison, a long-time LVT advocate, made a Freedom of Information request for publication, but was told that the government could 'neither confirm nor deny the report's existence'[26]

In 1931, the Labour government incorporated LVT in the Finance Act of that year, but the initiative was reversed by the succeeding Tory-majority coalition that represented landed interests. This pattern was repeated after the war, with the Labour government's attempts to capture 'betterment' value always being revoked by the succeeding Tory administration (see Chapter 4, *20th Century History*). For the best part of the 20th century, political resistance to land reform came from the political right, but with the increase of home ownership in recent decades vested interests in land ownership have become more widespread. At the beginning of the 20th century there were a small number of large landholders, now there are a large number of small landholders, the homeowners, of which, I hasten to add, I am one.

Figure 14 of Chapter 7 shows that homeownership reached a peak of 70% around 2000–2005. It has since declined but still represents a large number of voters with an interest in ever-rising house prices. Politicians are very aware of this interest group and are reluctant to alienate them by being seen to support a land value tax system that would threaten their increasing asset value. Although many progressive politicians are aware of the land value tax option for raising revenue, they are also very cautious about giving it their support for fear of a voter backlash. Those who know there is a problem are loath to be associated with anything bearing the dreaded word 'tax' in its title. For this reason, they tend towards the more anodyne 'land value capture' proposals, which have been tried in various forms for the last 70 years, but to little avail. For many politicians LVT is a tax that dare not speak its name.

Academic Resistance

Although Henry George was a journalist rather than an academic, his theories gave rise to a great deal of academic debate, for and against. Those against were generally of the neoclassical school, which held that land was just another form of capital. This notion was very much to the advantage of the large landowners, for it transformed the economic rent of land into no more than the legitimate interest on capital. The idea is of course antithetical to LVT, which is based on the original classical separation of land from labour and capital. In the book, *The Corruption of Economics,* Mason Gaffney reveals how neoclassical economics originated in the USA in the 1890s, specifically as a counter to the growing Georgist movement at that time.[27] The neoclassical view, however, prevailed in the academic world. Georgism was deliberately suppressed and several generations of economists have since been trained to treat LVT and Georgist ideas as no more than a historical curiosity (see Appendix 1).

The neoclassical view dominated later 20th-century economic policies and evolved, in the 1980s, into the neoliberal ideas that rely on the 'marketplace' to solve all economic problems. So there is considerable inertia in the academic world against anything that would question the neoclassical position. This view persists, despite the testimony of a number of eminent economists who have expressed their support for LVT over the years.[28] Nevertheless, since the financial crash of 2007–08, many cracks have begun to show in the current economic model, and a number of academics are looking again at the Henry George solution—an encouraging sign.

Politicians naturally turn to academics for guidance on economic matters, so the academics bear a heavy responsibility to get their theories right, as far as they are able. They have to be right for the whole of the populace, not just for those with vested interests. In his book, *Silent Theft*, David Bollier describes the situation in certain universities in the US engaged in research work, financed by private corporations, as distressing, and comments that,

> The marketisation of the academy is eroding its historic commitment to the public interest.[29]

Thankfully, the majority of academics are aware of the necessity to maintain their integrity, but there is always the temptation for this to be compromised when their institution is financed by wealthy donors with very different standards and different aims. As with politicians, private business interests are always eager to dignify their activities with academic support, but as Sayer notes,

> The powerful invoke economic theories only in so far as they suit them.[30]