

Other arguments for and against LVT

Why hasn't the Georgist viewpoint yet prevailed?^{20}

Henry George, one of the greatest and certainly one of the most greatly forgotten libertarians to have ever lived, considered private property in land to be the root of all socio-economic evil, and absentee landlordism (independent of any productive work landlords may do) the equivalent of chattel slavery. But few people come to this realization on their own, and many intelligent people find it hard to believe that our land policy is a big problem, even after having learned something about it. This is due partly to a phenomenon with which many libertarians are familiar: "the seen and the unseen." This expression generally refers to the "seen" consequences of any government expenditure, and the "unseen" absence of development that would have ensued had taxpayers spent their own money. In the case at hand, no one sees the greater abundance we don't have because we're not under a 100% LVT, no one sees the buildings that aren't built because of the high price of land, etc. For more details about the harm done, see the section titled "The argument from pragmatism" (pp.85-89).

Another part of the difficulty in seeing our land policy as a problem is that no one *feels* oppressed by land speculators or landlords. The former are viewed as players in a game no different than the stock or commodities markets, and the latter are perceived as just being part of the system. While many people feel their rent is much too high, no one quite knows who to blame. A "that's just the way it is" mentality prevails. After all, landlords are providing one a place to live, which involves labor both in construction and maintenance. Who can tell how much of one's rent goes toward facilities and service, and how much toward purchasing one's "right" to space in which to exist? (Not that people are even aware of the latter.)

Another reason people find this view hard to accept is that most of us are doing fairly well these days. Technology is the reason. It has continued to

make land more and more productive, increasing wages. Landlords are always a bit slow to raise rents and soak up the "excess" wealth of the masses. But, if technological advancement were to stop, the squeeze from rents would soon be felt much more strongly. (For a better understanding of this sparing effect of technology, and its contribution to suburban sprawl by making marginal land more useful, see Fred Foldvary's article, "*Seeing the Cat*", at www.earthsharing.org.au/cat.html.)

Moreover, when one questions the right of absolute ownership of land, many people reject the idea out of hand, thinking that one is undermining the validity of private property in general. They view it as a "slippery slope," where if we give up private property on this point, we'll end up losing it across the board. (Of course, we already have this situation to some extent with our current property tax, but how many people feel outraged about that?) Also, many people consider *themselves* to be landlords, owning the land their houses are on. (If one considers, though, that if all the arable land on the earth were divided equally, each person would have 3.5 acres⁽²¹⁾, it makes it clear that some people own lots more than others.) Few sense that the current system of land ownership is inhibiting the realization of their dreams. Few consider absentee landlordism the moral equivalent of chattel slavery. Because it's a mixed bag, with a large proportion of people being, to some extent, landlords, most people feel it's a fair system. From George's perspective, it's like each chattel slave holding a tiny stock in his master's plantation — earning enough perhaps to buy one candy bar a month — and being pacified by it. And people who find it difficult to buy a home — because, unknown to them, land prices have skyrocketed and now constitute a major portion of a home's price — think (if it even rises to the level of conscious thought) "that's just the way it is...it's the system, and the system is fair." But just because anyone can rise to become top dog doesn't make the game of "dog eat dog" fair.

Another possible reason is that George accepted as perfectly just only an approximation to justice, by lumping individually-created land value with taxpayer-created value, and calling them "community created value." By failing to distinguish the two, and by failing to specify that all should get what they create, a valid complaint could be made. (It's an approximation that is reasonably accurate, however, and tends to fail noticeably only in cases where there are large, commercial entities that anchor an entire town,

creating most of the jobs, hence demand for land, hence land values in that area.)

Henry George wrote that no great injustice dies easily—the vested interests are too strong. Considering how long it took to eliminate chattel slavery, which is now viewed universally as an obvious wrong, it's not surprising that the much more subtle form of slavery from land monopoly is still with us. And, these days, there's the distraction of another taskmaster with his boot on our neck — Big Government.

Common objections from libertarians

8. "LVT must be wrong because it represents a positive rather than negative right" (Although I've never actually *heard* anyone formulate their objection in this way, I think it captures much of what troubles libertarians about LVT.) Libertarians consider genuine rights to have a "negative" character, in that they all boil down to a right to be left alone. For example, one already has one's life, and to say one has a right to life means that no one else has a right to take it. By the same token, one has the inherent ability to move around and perform certain actions, and to say that one has rights to liberty and the pursuit of happiness means that no one else may impede that activity and pursuit, apart from their equal right to move about and pursue their own happiness.

But the right to an equal share of the Earth, especially if expressed as a right to collect a share of Nature-created land value, seems like a positive right, i.e., a right to the fruits of other people's labor. Or, one may consider it to be an expression of a positive claim on others, that they must relinquish some space they've been using, to make room for newcomers. Well, at least it *seems* like a positive claim, now that we've gotten so used to the idea that individuals can *own* elbow room. But, giving someone else their elbow room is not really "giving" them anything they don't have a natural right to. One's share of natural land value represents the price someone without land would have to pay to rent, and thus regain, his rightful share of the earth.

I should emphasize, though, that in my view, there would not be much, if any, of a natural value component of land value if a 100% LVT were instituted, because speculators would give up their claims, and good land

would once again be freely available for the taking. Until we reach that point, however, a portion of the "Citizen's Dividend" would derive from LVT, and the portion of LVT that goes toward it should be viewed not so much as a user fee, as a fee for the privilege of preventing others from using that to which they have a natural right. It's a precise way for those who have more than their share of the earth to compensate those who have less than theirs.

9. **"It's socialism (egalitarian collectivism) "** Here's the text of an actual comment. I cannot endorse an idea that reduces treatment of land property to an egalitarian basis. The idea that all land should be owned by the collective is only one variant of other ideas such as: "We are all born into families by luck so the collective should assure all children an equal upbringing," or "The intelligence we all have from our genetic heritage is by pure chance of birth so all people should be guaranteed an 'equal' start in the competition market."

My reply "There's something to what you say. All the things you mention—land, genes, and parents —can be considered 'gifts of Nature.' But let's not forget that, as libertarians, we believe in the principle of self-ownership. If we are to consider ourselves 'gifts of Nature,' we must be very careful to remember that we are 'given' to ourselves, not others. Thus, the important distinction I see between these other 'gifts' and land is that the former are properly owned — e.g., parents own themselves, and have a right to give their time and money exclusively to their own children if they so choose — whereas land can never properly be owned in the first place. One has a right only to the usufruct of land (Jefferson). Who owns what is of paramount importance. The socialist proposals you mention would presumably involve taking the fruits of labor from those who created them. LVT would do the opposite. In the sense that the land rent would be collected and distributed to its many rightful owners, rather than to the few, privileged monopolists, yes, it's more 'collectivistic' than our current system. Like John Stuart Mill, I find it almost axiomatic that we *should* be egalitarian with respect to the gifts of Nature, at least, those gifts that lie outside ourselves. Is it 'egalitarian' to believe in equal rights?"

10. "*There's no monopoly in land*"; "*We already have a free market in land*"; "*Landowners compete with one another*" Many people are thrown off by the existence of a degree of competition among landowners. Most people can understand that if *one* person owned the whole earth, there'd be a clear monopoly and master/slave relationship, as their very existence would depend on his whim. (He could say to them, "Get off my property!" and he'd have the right to banish them to the high seas, since that'd be the only way to comply with his request. If he were smart, he'd give them all the choice of working for him, in exchange for being allowed to live, receiving enough sustenance to remain healthy slaves. And if he were even smarter, he'd do what Mark Twain suggested, and give them all the feeling that they were free.) But, it is argued, because many people own various parts of the earth, and are competing with each other for lessees and tenants, land prices are kept low and the slavery aspect of private land ownership is therefore mitigated essentially to zero.

This is not so, however, for two main reasons. First of all, it's a fact of human existence that dense concentrations of people (i.e., in cities) can, given freedom and a certain minimal level of technological development, constitute enormously valuable centers of wealth creation. (In my more emotionally detached, though not necessarily misanthropic, moments, I think of cities as particularly virulent areas of infestation of the earth, where the reproducing organisms have found a particularly suitable climate and have evolved a particularly efficient internal metabolism.) These valuable parts of the earth, where most people live, are already thoroughly squeezed, i.e., much of the tremendous wealth created by the community (voluntarily as individuals cooperating within the context of the division of labor, and coercively as taxpayers) has been confiscated by the landowners, and continues being confiscated by them.^{22} A group of people who want to free themselves from the landlords' confiscation of their labor by striking out on their own must be virtual slaves a long time, working to buy the land and necessary provisions, before they can even begin to create an independent city out of wilderness.

Secondly, as mentioned in the Introduction, because land is of an essentially fixed supply, and a *sine qua non* of human existence, the law of supply and

demand doesn't work the normal way. There isn't the normal safety valve of others jumping into the business when prices get very high, since creating land isn't economically feasible (though in cities people have done the next best thing, and built vertically, utilizing space better). On the demand side, people can't say, "prices and rents are just too high these days. We can do without land this year. We'll go live on an iceberg." (If that were really an option, icebergs would be monopolized, too.) *As a result of the fixed supply of land and its absolute necessity for man's existence, landowners have an especially strong bargaining position with respect to the rest of mankind.* (For more on this, see the sections on Winston Churchill and especially Mark Twain.)

11. "*People don't always make money in real estate*" The unconvinced also point out that some people lose their shirts investing in real estate, implying that land monopoly isn't so strong, and that investing in land is just like other forms of investing. But, in my view, it's only government meddling via oppressive regulations and stupid tax and monetary policies that makes land prices occasionally volatile. Barring cataclysmic setbacks for mankind, like the Bubonic Plague or world war, the natural condition is for land continually to become more and more valuable. (Besides, some people also undoubtedly lost money investing in slaves by having them die or be poor workers. But that didn't make slavery right or impotent as a force of oppression.)
12. "*Land is not important in a post-agricultural age* " People also point out that most money made today comes not from land but from advances in science and technology. Witness Bill Gates and Microsoft. Back when most of us were farmers and land was of central importance, a land value tax might've made sense, but not today, they assert. Further, they argue, land isn't an adequate source of revenue for today's massive government (though this contention has been refuted by Dr. Steven Cord — see Fred Harrison's **The Power in the Land**, p.201). To this I have five replies: 1) technological advancement *is* a saving grace, as pointed out earlier, but it won't allow us to avert catastrophe forever, and hindering it by taxation certainly doesn't help, 2) our goal should be economic and social justice, not Big Government for its own sake, 3) those

who make money honestly, by creating and selling things which others desire, deserve all of their wealth — they've created it by their own efforts, have already given much to humanity through mutually beneficial trade, and don't deserve to be robbed by the taxation of their income, 4) government** massive today, but the need for social services would be much less with LVT, since there'd be much greater job opportunity and a more equal distribution of wealth with natural resource monopoly out of the picture, and 5) all wealth, nevertheless, is generated on land — even Bill Gates has an office situated on land — and rents keep going up as a percent of total income, indicating that land is *not* of insignificant value, but rather of proportionately greater value as society progresses.

13. "***I don't want the government involved in collecting money!***" Most libertarians have a deep-seated distrust of anything governmental, so much so that many of us are really anarchists rather than minarchists (i.e., those who favor minimal government). (For example, some of us have bumper stickers that read "*There's no government like no government.*") And, on the surface it seems foolhardy to want to roll both of our main oppressors — Big Government and landlords — into one "Overlord." Ultimately, however, even the anarchists among us would have no problem with geolibertarian utopia, as it would have municipalities acting as competing, private land trusts, with the citizenry as tenants. No libertarian could object to purely private business relations. But, going from the current system to one where municipalities "own" all of the land in their jurisdiction (and everyone in essence leases their land from the municipality), smacks too much of confiscation. I'd be happy just to have the various portions of the rental value returned to their proper owners. And, this could be handled by private brokers, with the government simply contracting out to some assessment agency, and enforcing the law. In any case, each libertarian must decide for himself what amount of government he'd be comfortable having, and then decide whether he'd trust that entity to handle management of the land value tax and rebate system, in addition to street maintenance, police, fire, park service, etc.

14. *"A 100% LVT is an unfair 'taking' from current landowners"*
Perhaps the largest impediment to implementation of George's prescription has been that he advocated no compensation to the current landowners, despite the fact that some may have put much of their labor into buying that land, which would lose all of its locational resale value if that value were taxed away. Many people thought that was blatantly unfair. George saw this as the right thing to do for the same reason that slave owners weren't compensated when their slaves were freed — they didn't have any right to ownership in the first place, and the compensation schemes being talked about amounted to further robbery of taxpayers. (See the next section for the only truly fair, though somewhat impractical, way to handle compensation.) Moreover, anyone who bought the land to use wouldn't be hindered in such use, as their other taxes would decrease in proportion to the increase in their LVT.

John Stuart Mill viewed landowners more sympathetically than did George, and advocated taxing away only the future increases in land value, as did Churchill's Liberal Party (to the tune of 20%), as mentioned earlier. George viewed such moves as the equivalent of a partial freeing of the slaves. Herbert Spencer, late in life, retreated from his earlier quoted, unequivocal stance (his chapter "The Right to the Use of the Earth"), and advocated compensating current landowners. But George emphasized that any compensation from the public treasury would rob hardworking taxpayers just as effectively as their landlords' rents. In his view, justice demanded that the robbery be stopped, and that the robbers *not* be compensated at the further expense of their victims for any loss of investment capital.

The right to life is inconsistent with private property in land

We libertarians often summarize our view of human rights by saying that all rights ultimately boil down to the right to be left alone. But with a finite Earth, and with all of its surface claimed by various individuals, the right to be left alone leads us to an unusual conclusion with regard to land ownership. Libertarians are used to defending the rights of the individual against so-called "rights" of collective society, i.e., we defend the rights of individual taxpayers to not be robbed to pay for other people's housing,

food, health care, education, etc. But in this case, it is the individual landowner, pleading "just leave me and my land alone!", who has transgressed, because he has claimed greater rights than others, and it is he who has not left his fellow man alone. For example, if a family tried to homestead a piece of unused land, the landowner would likely use the power of government to force them off. With the whole Earth privately owned, such a family could be forced off the face of the earth.^{23} Is that being left alone? We commonly accept the notion that "my right to swing my arm ends where your nose begins," but fail to see that one's right to control more than one's equal share of the earth, without compensating the rest of humanity, ends when all of the earth's usable surface is claimed. (And, it's not so much any lack of cheap land to go live on, but the ongoing robbery of taxpayers and creative individual land users by landowners.)

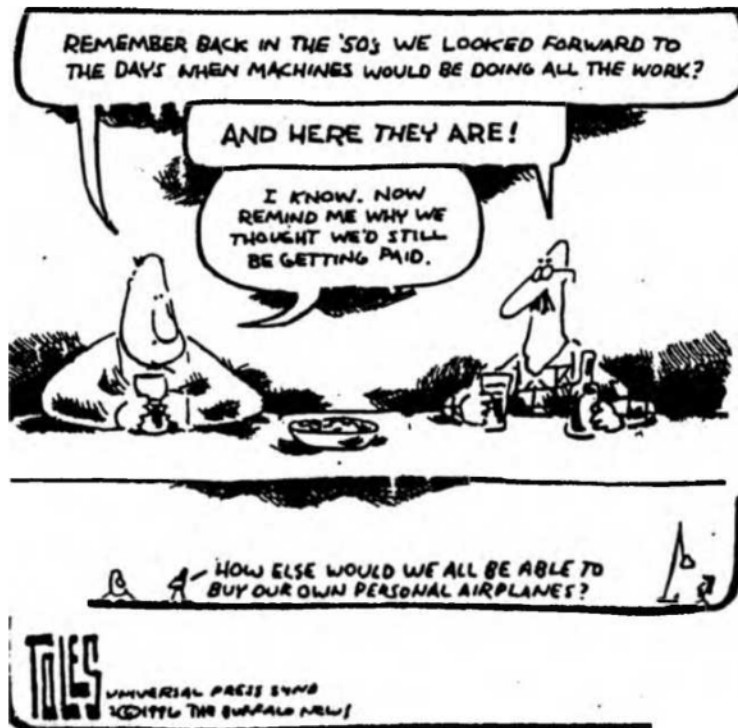
"Ah," you say, "but they can work and save up enough money to either rent or buy some land." True. But to the extent that they must do so, they are slaves, and are paying landowners for the privilege of merely existing. They've exchanged the fruit of their labor for the landowners' deigning to permit them to exist on part of the earth. Does the fact that the current landowners may have had to exchange their labor to buy the land change the essential injustice of the system? It would to some extent, *if* land values were constant over time. (And since land prices began at zero, they'd have to stay at zero to avoid unfairness.) But they're increasing steadily, with each current landowner, on average, getting more out of the deal than he put in, over and above any productive effort on his part. The other side of this bogus coin is that *the current owners didn't pay the proper owners* — those who created or maintain the land's value — only the previous title holders. To ask the taxpayer to compensate current landowners is like someone who bought stolen goods saying he should get compensated *by the rightful owner* for the money he paid for the ill-gotten goods. By right, the current landowner should seek compensation from the previous owner, who should seek it from the previous owner, etc., since they all tended to benefit unfairly from our land policy.

Relatedly, the problem with J.S. Mill's proposed solution, of taking only the future increase in land value, is that it would stabilize the current level of injustice (though it *would* end the practice of land speculation). In other words, it wouldn't return the full value of the land to its rightful owners,

only future increases in that value. And, the previous sales prices of most plots of land are high enough to represent a significant barrier to production now and into the foreseeable future. As such, Mill's proposal would be, at most, a decent starting point. If, on the other hand, a 100% LVT were instituted, the rightful owners would instantly begin receiving their respective portions of the rent, and no individuals would have the government-backed position of "Monopolizer of the Earth and Master of Humanity." All would be equal with regard to their basic human rights — the rights to life, freedom, and the fruits of their own labor.

No "Libertopia" without LVT

Land monopoly may not seem like a problem now, but its insidious nature will become obvious to all when neural network-based robotics technology advances to the point where landowners have little need for human labor, i.e., when intelligent robots can handle all of our manufacturing and repair needs. Henry George reasoned to a similar conclusion way back in 1882 (**Social Problems**, p. 145): "*Were labor-saving invention carried so far that the necessity of labor in the production of wealth were done away with, the result would be that the owners of land could command all the wealth that could be produced, and need not share with labor even what is necessary for its maintenance.*" At that time, those not attractive enough to be kept around as servants and sex toys will find themselves without work and without the option of working for themselves, and therefore completely dependent on government largesse or private charity — much like the French peasants Jefferson lamented about over 200 years ago^{24}. And, if there were no government largesse, riots and civil upheaval would occur long before the masses would allow themselves to be huddled in inner city slums and herded by a military-style police force like a scene out of the futuristic movie "Soylent Green."



TOLES © The Buffalo News. Reprinted with permission of UNIVERSAL PRESS SYNDICATE. All rights reserved.

Also, as will be discussed at greater length later (p.91, "Tax cuts won't help..."), if government weren't robbing us and giving us back a mess of porridge, the landlord class would be getting more from us in rent and land prices, and giving us back sunshine and butterflies. So, if we had the kind of 'free' market the Libertarian Party Platform asks for, landlords would be much better off, and rents would make a much more obvious dent in our wallets. In that case, we probably wouldn't need to wait for the advent of intelligent robots to clearly see the iniquity of our land tenure system.

Is the right to life an absolute?

A fundamental question that one is led to in thinking about rights and land, is the following: *Do all people have an equal right to exist on the earth, or must their parents first provide space for them?* If we have no right to space in which to exist (i.e., a claim on others to "give us our elbow room"), what does it mean to say we have a right to life? Is the "right to life" truly fundamental, as Spencer and everyone else, including you, me and the signers of the Declaration of Independence, have taken it to be? In other words, might there be some realistic circumstances under which we'd wish

to restrict this "right"? Libertarian philosophy is formulated for approximately equal adults, and is fuzzy around the edges of life, for example, the rights of children (or fetuses), the retarded, those with senile dementia, animals, etc. It's about to get even fuzzier.

Clans A and B Let's step back and examine the question carefully. Imagine that the earth has only one continent, which initially is divided into two separate countries, each populated by a separate clan. Call them Clans A and B. Let's say Clan B multiplies, while Clan A stays the same size. Things eventually get crowded in Country B. Do Clan B individuals have any right to go over and begin living on land in Country A? If you take the Rothbardian line, you'd have to say "No, they have to respect the border." Of course, they could offer to buy or rent the land from Clan A. But if A doesn't want to deal, B's only options would be to live in cramped conditions or go to war (and starting a war is a "no-no" for libertarians).

"But," you say, "let's be realistic. Clan A wouldn't be willing to sell off its own country, but would certainly be willing to rent out part of it, especially for the right price." And of course they would. Not only would it be unpatriotic to sell one's country, it'd be stupid besides. Why sell an eternal cash cow, one that'll be there for your children's children's children, unto the thousandth generation? What a good deal they'd get! They and all their descendants could dispense with work and live lives of leisure, obtaining essentially everything they need merely by allowing Clan B individuals to occupy parts of the earth they weren't using anyway. In effect, they'd have made those in Clan B their partial slaves, getting the fruits of Clan B's labor without trading away any of their own, all without the onerous and burdensome aspects of old-fashioned chattel slavery. And as long as Clan B individuals continue to multiply and value land, Clan A individuals will live lives of greater and greater leisure, renting out part of their land at ever-increasing costs. They'd be reaping the unearned benefit of the expansion of "Clan B-kind."^{25}

You may be saying to yourself, "Hey, that's the breaks. Life has its winners and losers. They played according to the rules, and so the outcome must be accepted." But remember, just because they've played the game according to the rules doesn't mean much if the rules themselves are unfair.

But *are* the rules unfair? Clan A individuals might reasonably ask whether Clan B has a right to "overpopulate." They might argue that parents shouldn't bring children into the world if there's no room for them in their own country. But do we really wish to hold as our vision of utopia a world where procreation in excess of replacement levels is not a right but a privilege? In my view, overpopulation would never become a problem if freedom were widespread, because free people tend to limit their number of offspring, and focus more on their own development and happiness (see also p. 105, "Man's future under LVT").

This may seem like a contrived and inappropriate example. But under the current system many of us have a bit of Clan A in us, and most of the world's people are Clan B'ers. Take my brother, for example. He buys and restores old houses and then rents them out. In his capacity as restorer and superintendent, he's a worker, completely entitled to the fruits of his labor. But in his role as landlord, he's benefitting from the efforts of land speculators who're holding out for a higher price and thus impeding the construction of affordable housing. Government meddling also plays a large negative role, with taxes on productivity, and stifling regulations on building construction that almost necessitate bribery in order to get anything built. Acting independently, land speculators, landowners, and government officials behave as if they're in league.

On the other hand, under LVT combined with land value rebate, everyone would get what they deserve. The gifts of Nature would no longer be concentrated in the hands of the few, all humanity would have essentially equal access to the earth's resources, and no one would be robbed of the fruit of their labor. In other words, no one would be hoarding land, using scarcity as a vice to squeeze the lifeblood out of their fellow men (as described earlier by Mark Twain, pp. 21-23).

Anti-Rothbard, *or* the fallacy of Extreme First Use Dogma

Here's a good place to examine more fully the completely untenable nature of any strict "first use" doctrine, such as that espoused by Murray Rothbard. Based on his extensive writings on the subject, one can guess what Rothbard would say about this example: "Clan A's original claim was

invalid because they weren't using all of their land, and Clan B's members had a perfect right to go and use it." But by what criterion would Rothbard propose to judge whether land is being "used"? Would Clan A's putting a fence around a million acres and putting a cow on it to graze constitute "use"? Or what if they chose to call it all a "nature preserve," which they visit occasionally? Who's to say what "use" is? Certainly the people in Country B, crammed into block after block of 20-story tenement buildings, would regard Clan A land as unutilized.

Consider the related but somewhat more realistic first user case, where your great-great-great-great-(etc.) grandparents cleared some land, you inherited it, and now you live on part of it and collect rent from several other families that also use it. Does your ancestors' two weeks' worth of effort, a millennium ago, entitle you and your kin to charge others for access to God's Green Earth, and live off their labor for all eternity? How much labor was required to justify the claim? Would two days' worth suffice? Two hours? Minutes? Seconds? And, is it the effort at transforming the land, or its subsequent use, that confers ownership?^{26} Arbitrariness, thy name is Rothbard!

LVT would bypass the need for the above concern about what constitutes transformation and use, and would end this subtle form of slavery, as everyone, regardless of what occurred last year or last millennium, would pay a yearly rental for the land they use. As an added bonus, it would help cleanse the conscience of America for its current, tainted ownership of land, coming as it did by the forcible or fraudulent dispossession of Native Americans^{27} of their land. For then all Americans, including the descendants of Native Americans, would be equal "owners" of the land.

Approach from chattel slavery

Let's travel back to 1865, and consider the condition of slaves in this country at the conclusion of the War Between the States. They are told by their former masters, "*Now you are free men! You have the same rights as we, and we are brothers, equal before the law. Welcome! But, we own all the land. If you wish to live here, you must accept the wages we offer and pay the rents we ask. This is only fair.*" In fact, the condition of many of the former chattel slaves actually worsened after their emancipation. They were

free to choose their master, but now that master hadn't the social obligation to care for them in their old age, or to care for them at all. It became just a matter of the operation of an impersonal, so-called free market, and the employers had no legal or moral responsibility to care for their "employees" (not that they should, in a truly free market).

And, yes, it's true that some individuals do escape from these conditions and become employers. By the application of hard work, brains, and diligent saving, some individuals do move up and they, also, become "top dogs." But wouldn't it be better to have a system that isn't "dog eat dog"? One that doesn't rob many Peters to pay a few Pauls?

Geo-libertarians view the current system as differing from the feudal one only in that the feudal lords actually had the responsibility of defending their subjects; today's landlords are in an enviable position, where our government has forced the landlords' tenants to pay for the defense of the country as well, via income tax and other taxes on productivity.

Robinson Crusoe analogy

The Robinson Crusoe story is very instructive regarding the morality of land ownership. When Crusoe landed on his island, being the sole human inhabitant, there was no question about his right to use the whole of it. But when Friday washed up on shore, that changed. Shall we adopt the "first use" doctrine, and say that Crusoe, being the "owner," could legitimately demand that Friday get off his island and swim to some other? Could he set any conditions whatsoever on Friday's being allowed to remain there? Could he rightfully demand all of Friday's labor in exchange for allowing Friday to have enough land on which to sleep? Crusoe would certainly be smart not to demand more of his labor than would allow Friday to maintain his own life, because there's no value in a dead slave. But would this or any other of the above-mentioned actions be right?

Murray Rothbard, in analyzing the Crusoe analogy (Part II of **The Ethics of Liberty**), averred that Crusoe could claim ownership only of that portion of the island "*which he, by his labor, brought into production*" (pp.33-34). This may seem, at first glance, like an improvement upon the word "use." But by this logic, hobos could rightfully set up camp in your front yard, because front yards typically don't produce anything. We are unavoidably drawn

back to the question, "Who's to say what 'use' is?" Geo-libertarians would contend that Crusoe must allow Friday as much land as Friday wishes, up to and including 50% of the island's natural value (i.e., not including the value of any improvements Crusoe has made).

Land ownership viewed historically

According to the immemorial customs of people everywhere, only ongoing land use conferred ownership. When someone stopped using land, it reverted to the Commons. Quoting Sir William Blackstone (**Commentaries on the Laws of England, Book the Second — Of the Rights of Things, Chapter I — Of Property, In General**)-.

Thus the ground was in common, and no part of it was the permanent property of any man in particular; yet whoever was in the occupation of any determined spot of it, for rest, for shade, or the like, acquired for the time a sort of ownership, from which it would have been unjust, and contrary to the law of nature, to have driven him by force: but the instant that he quitted the use or occupation of it, another might seize it, without injustice.

This is as it should be, so long as improvements to the land were inconsequential. As discussed earlier, it is a fiction that no matter how little of one's labor one mixes with the soil, one immediately "owns" it forever. Historically, communities in which land was scarce have always drawn a line with regard to such questions, such that only a significant investment of labor guaranteed one's claim, and only so long as the land was actively used. Any such line-drawing is arbitrary and problematic, but the Rothbardian, Libertarian Party position draws the line at an infinitesimal amount of labor, and is thus built on a fiction.

One cannot build sound political philosophy upon fiction. LVT, by contrast, represents a market-adjusted sliding line, which accurately keeps track of the various productive efforts of people in the community, and compensates everyone accordingly.

Shopping malls are analogous to municipal governments

Most libertarians wholeheartedly support the concept of retail merchants making rental payments to shopping mall owners in exchange for the space

and services the latter provide. One can view local municipalities as mall managers: if one likes the services they provide, one chooses to live there and pay the tax (location rent) that they specify. The ability to "vote with one's feet" plays a large role in the success of municipalities in their competition with one another for residents.

Other similarities exist. Failure to pay one's mall rent is legally actionable, just as is failure to pay one's local taxes. And, to the extent that municipal taxes are collected on the basis of the true market value of one's land, irrespective of improvements, they tend to reflect the value of the services received from that government, much as the rent that mall retailers are willing to pay reflects the value they receive from the mall proprietors.

There are also some important differences. Municipalities are political entities, and as such the terms of their "contract" with the residents are subject to change at any moment. (Contracts are much more reliable than constitutions, it seems.) And, municipal leaders don't have any direct, personal financial incentive for providing good service to all their residents. On the contrary, their bread is usually buttered by a few special interests. So, competition among municipal governments currently is tepid at best.

Another important point to make regarding the shopping mall analogy is the relationship between what are known as mall "anchor stores," and the concept of a land value rebate. The success of shopping malls largely rides on the success of the large department stores that serve as their "anchors." Such stores are usually given incentives to locate there, such as reduced rent, or even subsidies. The economics justify such compensations, since these stores are largely what bring people out to the mall, generating the foot traffic that other merchants are willing to pay for. Malls also provide other advantages that downtown locations do not or cannot: clean, well-lit "streets," a safe, enclosed, temperature-controlled environment, and free parking. In fact, many malls are owned by the anchor company, and they recoup their investment, and make a profit, by managing the other retail space whose value they've created. By the same token, individuals, or individual businesses located in municipalities oftentimes generate much more land value than they receive. The most obvious case is a "company town," where the town wouldn't even exist without the business. In such cases, it is the company's investment of capital and labor that created the

town's value, and it should be reimbursed for any land value it has created. Of course, it would tend to come out of the salaries of its employees, in the form of LVT. Such an arrangement would be very inefficient if the town council became antagonistic toward the company, and the company might better manage things by owning the entire area, and offering employees low rent housing in lieu of higher wages. In this respect, it'd be a little government unto itself, and would succeed or fail depending on how well it satisfied its customers, its own workers.

LVT is the natural way to pay for government This close analogy with shopping malls points up the fact that LVT is the, *natural* way to pay for valid government services. Thomas Shearman, the Georgist who coined the phrase "Single Tax," which Henry George came to accept as the banner and rallying cry for his proposed remedy, authored a book in 1915 entitled **Natural Taxation: An Inquiry into the Practicability, Justice and Effects of a Scientific and Natural Method of Taxation**. In it, Shearman made the argument that ground-rent taxation — a taxing power delegated from government to landlords — and that nothing could be more just than to have "a tax on taxation" to pay for the expenses of government.

One final point, regarding the use of eminent domain by cities, and its relation to shopping malls. Who'd want to rent space at a mall that has big, empty spaces collecting trash? Cities have to contend with land speculators who keep land vacant or greatly underutilized (e.g., surface parking lots), while waiting for the sale price to, as Churchill expressed it, "ripen." And by the same token, who'd want to lease space at a mall if the rent were a percentage of gross rather than a flat rate? Cities depend on sales and income taxes for much of their revenue, and they'd do much better if they followed the lead of malls, and collected a rent based on the site value. The current incentive structure is such that cities tend to retain businesses that don't do much volume selling, and people that have low incomes. And, if cities had LVT, they wouldn't need to resort to eminent domain, zoning restrictions, and crass political favoritism to counteract the harm done by speculators: the economic incentives would handle it automatically.

The argument from pragmatism

"Tax manufactures, and the effect is to check manufacturing; tax commerce, and the effect is to prevent exchange; tax capital, and the effect is to drive it away. But the whole value of land may be taken in taxation, and the only effect will be to stimulate industry, to open new opportunities to capital, and to increase the production of wealth." (Henry George, **Progress and Poverty**, Book VIII, Chapter 3)

We libertarians believe that, ultimately, the moral is the practical. So if our current system is, as I'm claiming, immoral — three-fold robbery (see the end of the section, "Short primer on land economics") — then there must be bad consequences. What are they? We've already gotten a taste of them from Churchill's speech. Examples still abound — vacant land in and around major cities, the high cost of land for our homes, suburban sprawl, the incredibly tight job market, a multitude of taxes on productive behavior, and the nonsensical belief that we have "too many people and not enough jobs," when, as George pointed out, "every mouth comes into the world with two hands."

Focusing on the first problem, why would prime city land be idled for decades? Quoting George (**Social Problems**, p. 126): *"The invisible barrier but for which buildings would rise and the city would spread, is the high price of land, a price that increases the more certainly it is seen that a growing population needs the land. Thus the stronger the incentive to use the land, the higher the barrier that arises against its use."* Add to that our irrational taxes on all manner of productivity, not to mention bureaucratic red-tape, and the barriers to building become insurmountable.

Regarding "suburban sprawl," here's a quote from a long feature article which appeared in the August, 1960 issue of **House and Home Magazine**. *"Suburban sprawl, in brief 1) costs billions of dollars a year, 2) blights millions of acres of countryside, and 3) makes homeowners waste millions of hours and millions of gallons of gas to get home to homes whose land cost they can afford."* And now, almost 40 years later, suburban sprawl is the topic du jour, and governments at all levels are talking about "regionalism," "green development," and "smart growth." Only geo-libertarian solutions get to the root of the problem, however.

We should be a lot wealthier than we are, and it is not, as I used to think, all because Big Government interferes with the market economy. Our current system of land ownership is analogous to us choking ourselves — the stronger we get, the more we cut off our own oxygen. We just can't make much headway.

In fact, this analogy of us choking ourselves can fruitfully be carried even further. Eventually, someone choking himself will pass out, release his grip, recover, and begin the process again. It's cyclical. And, in fact, Henry George laid the blame for the boom and bust economic cycles of the 19th century squarely at the foot of our land policy. The subtitle of his **Progress and Poverty** began as follows: "An Inquiry In to the Cause of Industrial Depressions." We've seen the same boom and bust cycle activity recently in California, after the passage in 1978 of Proposition 13, which capped property taxes at 1% of assessed value, rolled back assessments to 1975-6 values, limited property tax increases to 2% a year (even if the property was found to be grossly under-assessed), and allowed reassessments only when ownership changed. Buoyed by the prospect of high profits, Japanese and other investors bought a tremendous amount of California land, prices skyrocketed, and went bust in the early 1990s as the speculative bubble burst, and the properties weren't able to sustain the loans. (To learn more, see the article "Landing In Trouble," which appeared in **Practical Politics**:29 (July, 1992)— available on the web at: <http://www.landvaluetax.org/boomsimp.htm>.)

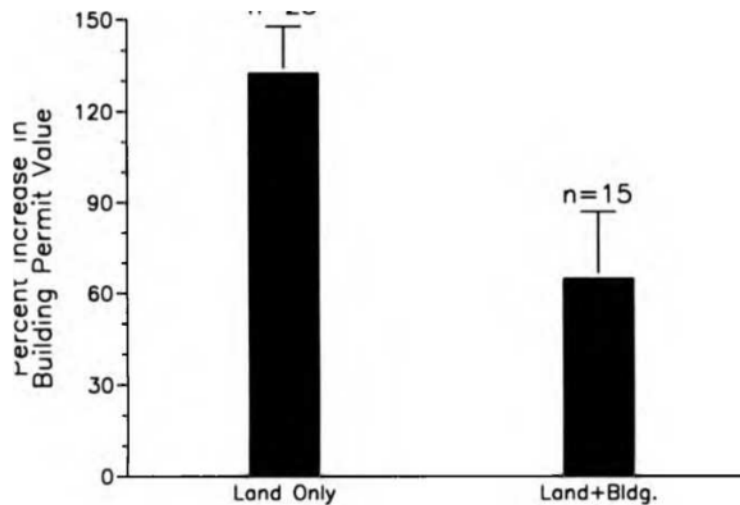
Land speculation, unlike other speculation, is inherently bad Whereas speculation in commodities can be good, since it preserves them for use by those who value them most, "preserving" land, i.e., keeping it idle, just means it is being wasted, since land can't ordinarily be "used up." What good possibly comes from a land speculator refusing to sell a plot of vacant, inner city land to someone who has an idea of how to use it effectively?

LVT is inherently good Taxing the utilization of the earth's resources could ameliorate the harm in two ways. It could fund the valid functions of government at all levels, thus taking the tax burden off production, and would deter speculative land grabbing and its attendant rent-seeking behavior, while ensuring the most fair and productive use of the earth. To see the latter, consider a tax on land value, or, as Thomas Paine put it,

"community collection of ground-rents." By placing a user fee on land that changes with changing land valuation, those holding it idle, or underutilized, would be losing money. Ideally, the amount of the tax would be determined by a competitive market, so that every person could bid on various parcels of land, and the land value tax would reflect the bids. (See p. 101, "How would land values be assessed?") Land would then be assessed such that it would tend to be controlled by the person best able to put it to its most productive use. Downtown land would be in great demand, and therefore would command a high rent, while farmland way out in the boondocks would likely be valued only by the current owners, and the rent would be minimal. (Reality would impose its own, transportation-related costs upon those who choose to live in the boondocks, such as higher costs of food, utilities, and services, such as private mail delivery. Unfortunately, most of these are subsidized by our well-meaning, but ignorant government.) Can you name any other "tax" that has solely positive, rather than negative, consequences?

Secondary benefits from a more rational tax structure and the end of land hogging include: 1) more labor intensive use of farmland (which lends itself naturally to organic farming, and preservation of the soil), 2) less suburban sprawl, 3) revitalization of cities, and 4) lower housing costs.

Finally, I should point out that in many places around the world (see Andelson's **Land Value Taxation Around the World**), and in at least 17 U.S. cities, property taxes have been shifted from falling equally on land and buildings, to falling more heavily on land (some Australian and New Zealand municipalities have it entirely on land), with impressive consequences. The rate of new construction increased dramatically (and highly significantly) over that of matched controls (see the following figure, which plots means and standard deviations), and their homes and office buildings are much better maintained. I hasten to add that such inner-city construction is generally accompanied by *less* development in the suburbs. (Some people naively think that LVT would lead to the entire earth's surface being built up with skyscrapers, since "there's an incentive to make all land productive." It merely ensures that we'll use land in the most efficient, economical way. We have no use for that many skyscrapers! But we do value green space, parks in our cities, hiking and biking trails, etc.)



Property Tax Structure in Cities in Metropolitan Melbourne, Australia

The rude guest analogy

Imagine that someone shows up at a party you're giving and single-handedly eats all of the food. Or even worse, that he stands in front of it and tries to charge others for access to it. You tell him, "Hey, this food is for everyone, and not just for you to pig out on!" Such behavior is not only rude, but, if applied to the gifts of Nature, immoral. To the extent that Nature's gifts come pre-packaged, together with the extent to which scarcity exists, justice demands that the community impose user fees.

Henry George used similar examples, of people trying to monopolize a banquet, or a theater performance, or the seats of a railroad car, using as a justification the fact that they arrived first. Robert Ingersoll, the famed 19th century atheist, during one of his speeches, used as an example of monopolization someone coming to his lecture and pretending to occupy 50 or more seats by himself (see *Liberty and the Great Libertarians*, p. 290). (He also mentioned that people would bottle the air if they could, charge others for it, and allow millions to die if they couldn't afford it.)

The reverse "takings" argument Most libertarians would agree with the Constitutional provision that, when government invokes eminent domain to confiscate privately owned land, it must compensate the owners.



TOLES © The Buffalo News. Reprinted with permission of UNIVERSAL PRESS SYNDICATE. All rights reserved.

Likewise, when the community regulates land use in a way which detracts from its value, that constitutes a "taking" that should be compensated. But what of the reverse? When the community does something that increases the value of an individual's property, such as building a new airport that sends property values on the site skyrocketing, should the windfall profits belong to the community, or to the few individual landowners who happen to greatly benefit? When a new expressway goes in, and land prices by the exit ramps increase many fold, do not those who created the extra value, i. e., the taxpaying community as a whole, deserve it? In fact, isn't the current system ripe for (and rife with) corruption, because those individual landowners stand to gain a lot by bribing government officials to act in a way which increases the value of their land? (Economists have a revealing name for this behavior: "rent-seeking.") Would not such perverse incentives and wasteful behavior disappear if the added value were taken by the level of government which created it? And even in an anarchy populated entirely by honest people, how would those who jointly fund such large scale projects handle the unequal benefits, or even do the calculation, without a land value rental payment (tax)? LVT, combined with land value rebates, would provide the only market mechanism by which to determine and fairly redistribute the value gained by each site. So, LVT wins both on moral and practical grounds, as do all genuine libertarian arguments.

Tax cuts won't help non-landowners if there's no LVT

A final argument in favor of LVT that should get every libertarian's attention is that most people will only be helped temporarily by tax cuts unless LVT is also implemented. More specifically, people will only be helped to the extent that they're landowners: the less land one owns, the more temporary the benefit. Of the three factors of production—land, labor and capital —the latter two eventually benefit not at all from tax cuts. (This was mentioned at the end of the section on J.S. Mill, and Twain discussed it at length.) Why? Because both labor and capital need land to create wealth. (In fact, labor and land may be viewed as the *only* factors of production, as capital can readily be created by labor — intellectual and physical — if it has access to land.) And if land is monopolized by the few, they will inevitably end up with most of the produce of the many simply by, as Twain pointed out, having rents driven ever upward by competition between people who increasingly have more to spend — i.e., more created wealth to trade. But who thinks to complain about high rents, especially when other things are coming down in price? We shrug our shoulders and think, "That's just the free market at work." I hope, though, after having read this far, you won't think it a 'free' market any longer.

I know a secretary who spends half of her salary on rent, for a two-bedroom apartment in a not-so-nice part of town. A woman who works in my lab was paying almost three-quarters of her salary toward rent in a high security building in a nice part of town. Everything else comes down in price. Why not rent? Are the building trades impervious to innovation and cost-cutting?

If we eliminate the IRS and the income tax, only landowners will, in the end, see much in the way of extra spending cash and a higher standard of living. (For example, the income tax cuts during the Kennedy years were "mopped up by the land monopolists, through an increase in the capitalization of land values" — see p. 127 of Harrison's book). If we eliminate all sales taxes, rents will only go higher faster, like those of the working class Londoners who had to walk to work across the Thames, as described by Churchill.

Adam Smith noted, for example, that taxes on wages or products necessary for life would ultimately be borne by landlords, as both reduce the ability of

all workers to pay rent (**Wealth of Nations**, *Vii.i.2*: "Taxes upon the Wages of Labour"; *Vii.k.5*: "Taxes upon Consumable Commodities"). One can't squeeze blood out of a turnip. Conversely, reductions in such taxes will accrue ultimately to landlords. Note that these facts are logical corollaries of the very first statement of Smith's I quoted, back on p. 18, that "*the rent of land... is naturally a monopoly price.*"

It boils down to this: If the government doesn't take it from you, your landlord will. But, if there's LVT, he'll have to give it right back.

How much harm comes from land monopoly vs. Big Government?

This point about landlords and our governmental overlords competing to rob us has some interesting aspects to it. First of all, it's ironic that land monopoly, which gave our form of capitalism its vicious nature, wasn't touched by the Progressive Movement. They went after the capitalists' freedom and property instead, with anti-trust legislation, child labor laws, pro-union legislation, and the income and personal property tax. "Always attack the symptoms, never the cause" should've been their motto. Even Henry George's son, as a member of the U.S. Congress (1911-1915), worked to establish the income tax. Part of the Georgist rationale was to take back part of the "unearned increment" from landlords and others whose fortunes were swelled by monopoly privilege. The wages of the masses were not to be touched, and, initially, were essentially exempt. But how quickly *that* intention was subverted! (For a fascinating description of the political forces at play in the early years of the income tax, and the important role played by Single Taxers, see Brownlee's article, "*Wilson and Financing the Modern State: The Revenue Act of 1916.*")

Secondly, I've often wondered what's the cause of more of our problems, land monopoly or Big Government. One way to judge is by how much of the fruits of our labor they rob us. According to the calculations of Dr. Steven Cord (see Harrison's book, p. 201), total U.S. land rent (that from use of all natural resources, including the airwaves) would, in 1982, have yielded an amount almost twice that spent by government at all levels. Figuring in the growth of government spending since 1982, and the compliance costs regarding government regulation, etc., it seems reasonable

to conclude that the total land rent approximately equals the current, high cost of government. So, the twin evils of land monopoly and Big Government may be viewed as roughly equal culprits in diminishing our standard of living, if not our freedom. (One has to give the nod to Big Government on the diminishing freedom front; it's a bit hard to compare sitting in jail over marijuana possession with mere economic distress. But both are destroyers of human life.)

LVT tracks well with the level of government service provided

As indicated by the earlier analogy with shopping malls, one may think of LVT as the rent one pays to the community for the amenities it provides. The better the government, the more people want to live in a place, the higher the land prices, and the more land rent the community collects. The incentives are in the proper place. Taxes on productivity, on the other hand, not only don't correlate positively with the level of government service, they sometimes correlate negatively. Take sales taxes (please!). If government, for example, doesn't keep the streets paved properly, pot holes can damage one's car, leading to repair work or even the purchase of a new car, both of which are taxed. Sales tax revenues thus increase, rewarding government for a job poorly done. And vice-versa — if government keeps the roads in good shape, it gets less in the way of car-related sales tax. Not so with land value tax. The same holds true for anything government does that you can do for yourself— schooling, home security, you name it. If they don't do it right (education, keeping criminals locked up, etc.), they get more money from you when you have to pay sales tax in hiring others to do the job right. The incentives are all wrong.

But the community recognition of land titles provides us with something more valuable than any of the amenities one normally associates with local government. Namely, it discourages potential thieves from killing you and moving into your house. We never think of the benefits of land titles in those terms because such an event is currently unthinkable. But what *makes* it unthinkable is that no one could get away with it. Land titles are a trump card. Criminals might claim they bought the house and that you left town quietly in the middle of the night. The lack of a title transfer might be the only thing that proves the lie. Police may be useless against theft of

moveables (after burglaries, they take a report mostly for insurance purposes), but are quite good at protecting one's land title and house, since time is not of the essence —one can't take the land anywhere, and houses are rather difficult to move.

LVT accords with Adam Smith's four maxims of "good" taxation

Smith specified four general criterion that a good and fair tax should meet

(**Wealth of Nations**, *V.ii.b*). LVT meets them quite well.

15. *it is fair* (since valid government expenditures attach to land, one gets what one pays for and pays for what one gets)

16. *it is equitable* (since one cannot hide land, the tax is impossible to avoid, and so will be administered equally to all)

17. *it isn't difficult to comply with* (there's no paperwork as with sales and income taxes)

18. it isn't costly to administer (land is easy to value)