



# Sovereign's Rent: Winning with Words

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supporters have been agonising over what to call his ideal revenue source. Single tax? Land tax? Site value tax? But they have never thought of abandoning the term "tax" with all its negative implications, and this in spite of their common (though not total) agreement that George's ideal revenue source really isn't a tax but a fee for service received, that of renting.

Thinking of a land tax more readily as a rent fee has had some modern inconveniences - like the difficulty of connecting the land tax with the "green tax" when renting is already a form of licensing use of limited or to-be-limited resources.<sup>1</sup>

More serious, shifting taxes from improvements to land that has needed continuing oversight to fend off "lowering the property tax"<sup>2</sup> has gradually marginalised George's idea of getting the full rent revenue that leaves no unearned ground rent for the landowner at all. Yet any public land, like old airports and military bases that are being converted to civilian habitation,<sup>3</sup> is an opportunity to see that the sovereign(taxing) body keeps the land and gets the full rent revenue. That could change attitudes about having the tax collector acquire title to privately held land, once too much even for George's supporters.<sup>4</sup>

**W**ORDS DO MATTER. In the well-documented work of institutions of property ownership that George's ideas threatened, academic forces combined to teach that land was part of capital, hence rent was part of interest, etc. Their purpose

was to obscure the role of land in the production and distribution of wealth that Henry George had made clear.<sup>5</sup> However, George may also have shot his own foot in his very insistence on the moral foundation of his views, because that tied him, hence his followers, to emphasising the land tax.

As the prophets of old knew well, it has never been easy to get moral pronouncements about God's laws accepted, and George's one about all human beings having equal right to the land was bound to be uphill all the way. It goes against a deep instinct many, even most, of God's creatures exhibit within their own species, that calls for setting boundaries, then

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with a roar, croak, chirp, or other device, telling the other guys to *Keep Out!* It's the instinct that over millions of years has let territorial creatures nose out the competition.

Nevertheless, George insisted that sharing the land was a basic human right, and that in turn influenced what existing framework he would use to explain how this right to land would work - through taxing the land. Taxes by definition went to the state to be used for the good of all the citizens, a noble purpose if you had the right tax. The same could hardly be said of that other word for the state's due, the territorial, "rent". That ordinary transaction with the landowner is for service rendered, basically that of keeping people out - except us. Who keeps them out for all of us but the sovereign (taxing) body? That's what wars are about. No matter how much we deplore the original land grab, today we exer-

cise - and not too tearfully - our "right" to occupy that land. "Therefore," says the local sovereign, "for keeping the brigands out, hand over the rent, you owe it. That's the reason people can live and trade in peace, and add value to the location of your land."

Such sovereign's rent is hardly George's moral land tax destined to serve the public good, but everyone understands it without the need to subscribe to God-given laws that appear to justify more hated taxes. No taxes define sovereign's rent, but rather specified sovereign land rights: to keep the land but never to sell it, as sovereign ownership is inalienable, and to receive from the current tenant/improvement owner, whoever that may be, only the annual ground rent at current appraised value. Defined this way, limited sovereign's rent rights may never be confused with property (land plus improvement) owner rights as Herbert Spencer once did.<sup>6</sup>

True, George constantly referred to his ideal revenue source as rent, but being a moralist, let "land tax" predominate as the term for it. Because he was logically consistent as well, not following the territorial implications of renting land that would respect the larger boundaries of community and nation, led George relentlessly to the view that people and goods could circulate freely on this globe. Here a huge portion of mankind draws the line, backing off from unlimited growth of population and free trade, insisting instead on the right of a nation or a people to protect its economy and its environment, in a word, its territory.

Wouldn't Henry George's moral land tax fare better as sovereign's rent in untaxed economies proud of their borders around a better way of doing things? "We don't pay any taxes, we just prevent owner subsidies!" And "owner" means "of improvements" of course. As George's opponents showed us a century ago, change the vocabulary and you change the public's perception.

### REFERENCES

- 1 Added green taxes fall more heavily on lower incomes and on labour like any retail tax, without making politicians face the need to set limits and remove subsidies.
- 2 See "Councils Join Fight Over City Land Tax", *Pittsburgh Post Gazette*, Jan. 17, 2001.
- 3 "Use of Master Developers in Implementing Military Base Reuse Plans", Economic and Planning Systems, Berkeley, California, #8049, December 1998.
- 4 Fairhope (Alabama) refused to transfer its land title to the tax collector as Henry George advised at the time. I learned this from a conversation with Edna Harris. She is a descendant of founders of the former Land Trust and grew up there.
- 5 Mason Gaffney, "Neo-classical Economics as a Stratagem Against Henry George", in *The Corruption of Economics*, London: Shephard-Walwyn, 1994.
- 6 Henry George, *A Perplexed Philosopher* (1892); New York: Robert Schalkenbach, 1988.

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