

This lesson will continue to present the effects of a tax which equals the annual value of land. Then we will evaluate two alternative methods commonly advocated for the elimination of poverty and the establishment of economic justice.

*Increased Production:* Labor and capital will gain access to the richest resources and the most productive locations. The potential for cooperation - subdivision of labor and concentration of capital - will increase. And it will economize public infrastructure, by removing the need to provide facilities like roads, sewers, and electric power for unused and under-used areas.

Collecting the potential rent of land will provide revenue, and, unlike confiscatory taxes, will increase aggregate production. The increase in production will support higher net wages and interest.

The public collection of rent would, of course, be based on the land's market value. Henry George suggested that slightly less than the rental value be collected. This would leave a small selling price which would help the assessors in determining the value of land and keep the government out of allocating it.

*Slums:* When the annual value of each building lot must be paid, whether the site is used or not, its owner will either put it to its most economic use, or give it to someone who will. In this way abandoned and dilapidated buildings will be fixed up and vacant lots developed.

*Discrimination:* Racism, sexism, anti-gay and every other form of bigotry may be destructive and without tenable foundations, but as long as there are a limited number of jobs and opportunities, every worker has a vested interest in keeping every other worker out of the competition. Therefore, incentives exist, unfortunately, to identify some group or other that can be denied economic opportunity. However, with unlimited opportunity, the inclusion of every new member increases the potential for greater divisions of labor and economies of scale. This increase in production with a just distribution creates a higher standard of living for all producers.

*Crime:* Some crime does arise directly from the inequitable distribution of opportunity and wealth, like stealing bread. However, the vast majority is born of the fear of want which breeds the worship of wealth. This tendency toward perverted morality misdirects the human need for approval and admiration toward larceny, vice, profits and misery. One can easily infer that unlimited opportunity and steadily increasing wages will diminish crime.

*War* is fought over land - agricultural land and mineral land. Every country in the world has abundant resources to provide for its people. However, they are not available for production. The speculative price is too high. To alleviate depressions and unemployment which are caused by this, governments make the land of other countries available for colonial settlers and rent-extracting transnational corporations. As is often said, "the unemployed sell their blood for bread". A tax on the value of land will make the land within each country available, insure jobs, raise wages and eliminate the impetus to war.

*Revolution* is either one group of landlords against another, or the land-less seizing the land as a means to opportunity and prosperity. A tax on the value of land will create opportunity and prosperity.

*Utilities:* Today the Public Utility Commission oversees the investments and the charges of utility companies, but as long as there cannot practically be competition, private enterprise cannot work. The government must own and operate and be responsible to the voters for the service rendered. Imagine all the streets belonging to Gulf and Western or Shell Oil Co. Even if they did have limits on how much they could charge instead of what people were willing to pay rather than stay at home, their whole purpose is profits for the stockholder, not service to the citizens. The consumer will benefit from socializing, under the control of the voter, businesses which are in their nature monopolies.

*Zoning:* The land tax does not in any way reduce the need for government planning, but it does insure that it will be adhered to. When neighborhood parks and quality schools are built, this increases the value of land. However, the benefit can only be enjoyed by residential users, just as a railroad for freight will increase the value

of land for commercial and industrial purposes. Things will tend to zone themselves, around the carefully planned public facilities.

*Park land and open space* will no longer be provided by land speculators who keep their land idle until its price for development is as high as it can go. Then, just as the open space is most needed they sell and the land is developed. The land tax will eliminate the hoarding of land. Park land and open space will be the government's responsibility. However, the government can acquire unused land by forfeiting the tax; it will have no purchase price.

*Resources:* If, for example, the only profit were in producing and marketing petroleum products, not in owning the oil land, no private enterprise would invest in the exploration of oil. The government, through the political process, would then have to decide: should we spend government money on exploration for more oil or developing solar or geothermal technology? Today, the major corporations do not rush to develop solar technology because they can't own the sun. They do explore for oil land because owning it means profits. There is no consideration of future generations or logical alternatives, only profits.

*Farm land and wilderness:* Today, because of land speculation and the resulting degeneration of cities, and the sprawl of housing developments which leap-frog over building sites held for speculation, farmland is prematurely developed at the rate of thousands of acres every day. This in turn demands that wilderness be destroyed to make more farmland. A tax on the value of land will re-develop cities, creating more economic development closer to the most-productive centers of traffic and trade. This will bring into use land that was previously withheld, thus relieving the pressure on farmland, and, in turn, wilderness.

*Patents:* Although the whole idea of patents is debatable, there are some cases where they are obviously bad. A pesticide manufacturer must invest several million dollars before the E.P.A. will approve a product for sale. It is not likely that the manufacturer will be looking for reasons why a product may be unhealthful to the environment etc., when it could stand to lose millions of dollars of profits. It might be better for the government to do the research, perhaps by funding programs at the universities, and then make the formulas public information. Let the profit come from efficient production. Then, when the formulas must be changed, no corporations will be invested in unhealthy products or lose millions of dollars.

*Catastrophic medical coverage* is just one of the many things that the electorate could choose to provide for the public out of the rent fund.

*Free Trade:* makes it most profitable for labor and capital to engage in the most economical productions. When land values are taxed, this increase in production increases wages and interest. If land speculation is no longer a source of profit, then land is not an option for foreign investment.

#### CONSIDER THE ALTERNATIVES

The present system makes no distinction between the Earth itself and the results of labor, and it treats both as private property. (Until only too recently, some laborers themselves were treated as private property.) Thus, the present system gives license to exploitation, and must, of necessity, resort to confiscatory taxation.

*Land Reform through redistribution:* although it is conceivably possible, when it has been instituted, it has not given land to all people within the country; it has not considered the multitude of different potentials that vary with each parcel of land; and it has not redistributed the land every time the population increased.

*Communism - Socialism:* Communism defined as no private property, with possession based solely on need (as determined by representative democracy); Socialism as the elimination of private property in the means of production (land & capital), but not consumer goods.

In both cases they eliminate the effects of private property in land: private exploitation and mass unemployment. In countries which have adopted varying forms of either proposal, the condition of the least productive people is greatly improved. However, they too fail to distinguish between the gifts of nature - the Earth itself - and the products of human exertion. By failing to make this distinction they have lost the incentives and the tremendous efficiency of the free market system.