

# IT IS TIME TO THROW AWAY THE WORD 'TAX'

## NEW WORDS FOR A NEW ETHIC

*The words 'tax' and 'rent' express an oppressive history. The state gave to landed institutions and individuals power to retain communally created rental values and spread the burden of its own funding to those less able to afford or benefit from it. Over centuries 'rent' has come to express the unreciprocal burden of the relationship between the individual and the landlord or landed institution. The word 'tax' stands for the same immoral disequilibrium in the relationship between the individual and the state. The words whose meaning grew out of this relationship should not be in Georgist mouths. The term 'economic rent' means the value which we wish to be the basis of public revenue but while it has neutral uses in academic discussion for general public debate we must find new terms to disclose the essentially humane, inclusive and equitable social relations which are at the heart of Georgism.*

### WHAT ALTERNATIVES MUST EXPRESS

#### 1) 'Rent' and 'tax' are distinct families of ideas

The 'rent' family contains the ideas of 'rent' meaning 'economic rent' - 'land value'. Related is 'market rent' which is the sum, in a market of bidders, obtained annually for land. This may or may not be the same as the former. Sometimes confused with this is 'rent', meaning the sum you pay the landlord, which may or may not be equivalent to the economic rent, or indeed the market rent, (e.g. a peppercorn rent). Rent falls on land or property.

We hold, as did Henry George, that rents and taxes are very different. The 'tax' family contains the ideas of a burden imposed, a sum you pay the government. Also it is an activity that the government and others do. 'They taxed me into my grave', 'The Tories are taxing us more than any other government in history', etc. Also where 'rent' is fairly specific, 'tax' is fairly general. You can pay many different sorts of tax on many different sorts of thing. Taxes can fall on labour and capital.

An alternative should not attempt to cover both these groups of ideas. Where they overlap is only in that, in the view of Georgists, rent should be paid to government. People commonly think that 'what you pay to the government' is 'tax'. So the word tax has been overextended to cover rental payments to the state and it should now be peeled back and confined to its proper scope. The alternative to 'land tax' need only stand in for the meanings and uses of the word 'tax' in so far as they cover rental payments to the state or community.

#### 2) Yet the range of linguistic uses must be similar

The alternative to 'tax' should, however, have the same scope of linguistic uses as 'tax' else 'tax' will remain in common usage for want of a better word. Unlike the 'rent' words, 'tax' swings easily between being a noun and a verb. People will not be able to say 'They are going to Market Rent us more', so they will say 'They are going to tax us more. Market Rents are going up'. In other words our alternative must swing easily between being a noun and a verb or else it won't be used. All the 'rent' words

or phrases are *nouns* or used like nouns, i.e. 'the rent', 'a rent', 'an economic rent'. Only the second is ever a verb as in, 'to rent a flat'. We don't 'economic rent' something. So, although the ideas of rent and tax are distinct, the term coined to cover rental payments to the government must have the same, or as similar as possible, range of linguistic uses as 'tax' else it will not function well in common speech.

#### 3) It must express giving back something not ours

The alternative must express the element of giving back something which is not the payer's. This is the moral content at the heart of Georgism. The whole social point of economic rent is that it is a value which is created by the surrounding economic community. And so the payer is giving back to the community for an advantage received. This is not the case with 'tax'. From the Bible onward taxes have been thought of as a burden, needing considerable justification. The word 'rent' gives no hint of this central point.

### SOME POSSIBLE ALTERNATIVES

Crown-Rent or Ground-Rent, which have been suggested, do not do very well on these criteria, and Community Ground-Rent only does better on the third criterion. Incidentally, though Crown-Rent might go down well with the Establishment, I can't see it as anything but a hindrance when trying to talk to organisations like Shelter, Survival International, black people's representatives, women's groups and so on, all of whom would benefit from the natural equity in Georgism. Also it has some feudal connotations which are not appropriate. Monarchs were not always very community conscious and were often the most rapacious of rent-seekers. Ground-rent is better than Crown-rent but the term rent comes from the same root as 'to rend' - a tearing off, 'he rent his clothes'. While its familiarity in academic discussion is useful in that context it has no positive associations in the public mind, deriving as it does from the all too familiar relation of tenant and private landlord.

After a thorough search of the dictionary and

thesaurus I found only the following which seemed to work easily as both nouns and verbs, and which express giving back.

A remuneration; to remunerate; remunerating the community.

A return; to return; making a return to the community.

A compensation; to compensate; compensating the community.

'Remuneration' although it expresses giving back does so with quite a weak moral content in many uses. "The director's remuneration for the year was...." Also the etymology of the word is to do with money rather than value. 'Return' gets a bit clumsy in some uses. Phrases like, 'Taxation is a necessary evil' become awkward in "making returns is a necessary evil." Also 'return' has so many mundane uses that it would have little expressive force. The one that works best on these criteria is 'compensation' which also has a stronger moral and legal force.

# Community

## SOME POINTS ABOUT COMPENSATION

### a) Putting the Community in charge of the state

In the sentence, "We are being taxed more this year," the community is the passive recipient of government action. But the sentence, "We are compensating more this year," reverses things. It means the community is doing something to the government, or even to itself. Increasing the power of the community in relation to central government - making the state minimal - is an important part of Georgist politics. This language will be more suitable to that.

### b) Distinguishing between 'taxes' and 'compensations'

Including the 'giving back' sense strengthens the distinction between taxes which impose burdens on labour and capital and compensations, which don't as they are returning a value given. It becomes easier to express a distinction between 'good' and 'bad' fiscal payments.

### c) Weakening the landlords claim to compensation

The term immediately makes it clear why compensating landlords for loss of rent is morally dubious - the community would be compensating them for having to pay compensation! It would not obviate their case but it would help weaken it in public discussion.

### d) A useful analogy for an economic science

'Compensation', with its origin in the Latin 'com', meaning 'with'; and 'pensare', meaning 'to weigh' (the OED gives the Latin sense as "to weigh one thing against another") and its use in mechanics, has a connotation of precision and balance suitable to a Georgist social science and politics. More specifically, the OED gives the meaning of the mechanical use of the word 'compensate' as, "To provide with mechanical compensation, to make up for (the variations to which a pendulum is liable)". This seems peculiarly suitable to an economic theory which maintains that compensating the community for land value advantage, through the payment of market rent, will 'compensate' for the wilder swings of the economy which are driven by land speculation.

### e) Other reference book definitions

Other meanings of 'to compensate' in the OED would sit well with a Georgist usage and are as follows:

1) To counterbalance, make up for, make amends.

2) To be an equivalent, to make up for.

3) 'A compensation' is given as: "that which is given in recompense, an equivalent rendered, remuneration, amends".

4) *Roget's Thesaurus* gives a useful synonym with a *double entendre* on both value and hope - 'redeem'.

The length of the word is not a problem - it would soon get shortened to 'comps'! Pay your comps!

# Compensation

'Compensation' alliterates well with 'community'. Does any phrase better express the central Georgist relationship between the individual and the society that nurtures him than "Community Compensation"?

NICK DENNYS

## AN INVITATION TO READERS OF LAND & LIBERTY

**OPEN FORUM** is an innovation in the pages of *Land & Liberty*: four pages designed to give land reform activists the opportunity to share their experiences and views.

*Land & Liberty* believes that the global movement that has kept alive the philosophy of Henry George throughout the 20th century is moving into a new phase.

For a variety of reasons, Georgist organisations on three continents are now critically questioning traditional strategies for explaining their plans to the public.

Some activists believe that the time has come to revise

fundamental concepts. Even the names of organisations are being challenged.

\* What is the image that should be projected to a sceptical world?

\* Which are the convincing techniques for educating people, and what does it take to deploy them?

Readers are invited to submit their thoughts to:

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