

The Tax-Free Society

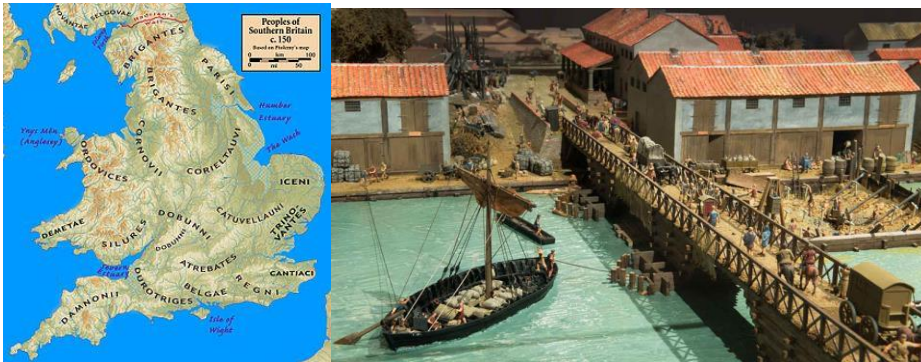
How We Can Get There and Why We Should Try

Edward J. Dodson

April 2022

INTRODUCTION

One must go back many centuries to a time when the members of tribal societies occupying the island we now the major land areas of Great Britain were not obliged to turn over some portion of what they produced (i.e., their wages or income) to those who governed. When our distant ancestors began to settle in one place, began to construct permanent homes and other structures and began to exchange goods and services with one another, rules of conduct for all these activities became necessary – human nature being what it is.



Some trusted members of society were tasked with resolving disputes that inevitably arose. Sometime later, the development of written language facilitated the codification of rules into law. And, as the number of people in each tribal society increased with each passing generation, the role of those assigned responsibility for dispute resolution became formalized, institutionalized into what we call government.



Government introduced an important dynamic in every society. Those who accepted the call to public service were no longer able to produce for themselves the goods necessary for a decent human existence. Societies needed to come up with a fair and equitable means of compensating these public servants for the services they performed. However this was determined, the revenue with which to pay those in government had to be raised. The taxation of persons, their income, their tangible property, their commerce and all manner of privileges granted by government provided and still provide revenue.

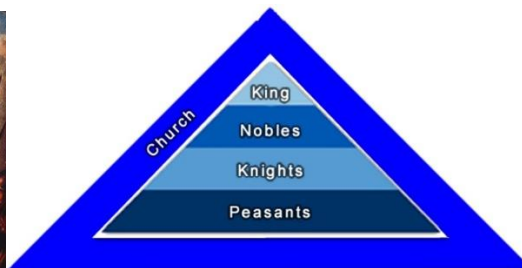


The question we ask is whether taxing these assets and income flows is actually necessary or wise. Are there sources of revenue to pay for public goods and services that do not require the confiscation of the income we earn producing goods or providing services to others, or the tangible assets we produce with our labor?

Once tribal societies settled geographically, they had every incentive and need to spend time and energy to convert what nature provided into the physical infrastructure that enhanced their day-to-day lives. Cooperation was essential to create a reasonably safe, sanitary and orderly community.



Some mechanism was needed to award access and control over the land and natural resources required by all for survival. What, they needed to decide, was a fair means of granting control over specific locations to build a home, a business or the facilities needed by the community for its public goods and services? Such decisions were early on made by trusted leaders, supported by the community because the decisions resonated as fair and rational. History reveals that over time this process became arbitrary, dictated by an elite who managed to acquire and hold hierarchical privilege.



Two fundamental ethical principles – that all persons have an equal right to nature and the idea that persons ought to pay for benefits received – were set aside. In terms the early writers on political economy explained, the laws of the land saw to it that a good portion of the value of goods and services produced was claimed by those in society who produced nothing themselves. French writers called the beneficiaries *rentiers*.



That first phase of this process of wealth redistribution involved changes in law that gave to select individuals a legally-enforced claim to nature. Slowly, deliberately, and inevitably almost completely, the land as a commons available to all to access and apply their labor, was enclosed. Deeds that described the extent of land conveyed to persons and private entities were granted to those favored by the ruling elite.



Those who actually worked the land were relegated to the status of serfs or sharecropping tenants, turning over to the land owner much of what they produced. As coinage and paper money came into common use, the peasant producers were required to bring their produce to the town markets for sale, then pay to the land owner whatever share they demanded in cash. In general, the land owners took all but what was necessary for their tenants to survive and continue to work for their benefit.



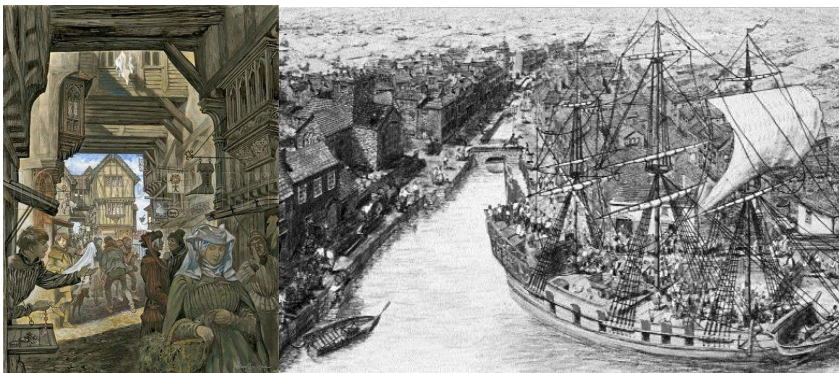
Many centuries were required for this process of wealth redistribution to become entrenched, reinforced by tradition, ritual and legal precedent. When the burdens on the majority of people

became too much to bear, they eventually rebelled. A few of these rebellions succeeded and brought about improved conditions. Most were put down by the ruling elite (often aided by mercenaries), who then tightened their grip on their fellow citizens by the imposition of severe penalties for further resistance.



Remarkably, however, none of these measures was sufficient to crush the human spirit. The instinct to find ways of reducing the difficulty of producing needed goods proceeded. Slowly at first but eventually at an accelerating pace, improved methods, new tools and new technologies came into use.

As the centuries came and went, enclosure of the commons into privately owned estates brought about the introduction of commercial agriculture. The raising of sheep and cattle required far fewer workers than the planting and harvesting of food crops. Thus, most peasants were forced from the land, into the towns and cities, and then onto ships sailing to the far corners of the globe.



The dramatic increase in the number of people taking up residence and seeking some sort of employment in the towns and cities

stressed existing infrastructure to the breaking point. Life for most was miserable and short. A privileged few lived well, their income derived from land rents and expanding commercial activities. At the same time, political domination by the rentier class ensured the decline in their financial contribution to the functions of government over time.

Public Revenue Through the Centuries

Space does not permit a detailed history of the methods used by government to raise needed revenue. We know that during Anglo-Saxon times the primary source came from taxes on the value of land, the revenue used in large part to pay mercenaries. The conquering Normans continued to impose this tax on land for a time. By the middle of the twelfth century, however, taxes were imposed on income and on personal property. Taxes on the value of goods imported or exported were soon added to the mix.

By the mid-thirteenth century the crown's need for revenue resulted in the calling together of the nobles into the first parliament.



Over time, the interests of these landed nobles resulted in continuous reductions in the taxation of land and an increasing reliance on import and export duties. With each new regime, new taxes were imposed on almost every good produced, every exchange and every resource utilized. Some taxes were repealed, later reinstated.

The expenses of empire incurred during the late seventeenth century compelled the English Parliament to enact new revenue measures. These included the Land Tax Act of 1689, the implementation of which is described as follows in a *Wikipedia* article:

The charge on land in 1689 depended on a valuation of all property throughout the country to find its open market rental value. That value was the income subject to the tax. Because, no doubt, of the difficulty and expense of valuation, the same values were used in subsequent years. As time passed the original valuation become increasingly unrealistic and, moreover, the relative value of property in different areas changed, especially as the Industrial Revolution got underway. Poor land in places that became major powerhouses increased hugely in value.



Boycott Major	2	Gillingham
Baker Rev. M.	1	Stirby Lane
Bacon Sir John	6	Raveningham
Bond Pitt	1	Wickham
Buxton Rev. M.	1	Carden Road
Burroughes Rev. R. B.	3	Stratton

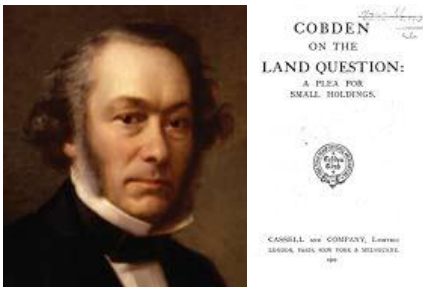
As there was no provision for periodic reassessment of these values, as time went on the amount of revenue raised diminished as a percentage of the total raised to pay for government.

After the joining of Scotland, Wales and England into the United Kingdom of Great Britain in 1707, the need arose for uniformity in how revenue was to be raised. Strong resistance to the taxation of income continued. England and Wales resorted to a tax on windows. It was the cost of war that finally brought about a short-lived income tax late in 1798. When war resumed so did the income tax.

As the nineteenth century arrived, agriculture became almost completely dominated by commercial interests. The era of the self-sufficient yeoman was long gone. More and more of the land was enclosed with each passing year. Prices during the years of war against France and Napoleon Bonaparte increased significantly, and

farmers were encouraged by the rising prices to bring ever more land into cultivation. In response, rents charged to tenant farmers climbed almost everywhere, ushering in an ongoing process of consolidation of farms to achieve greater productivity. Despite the gains in output, land owners throughout the United Kingdom successfully gained protection against lower-priced grains. Tariffs and other restrictions (known as the Corn Laws) were adopted in 1815 causing the price of barley, corn, wheat and other grains to climb. The British people were forced to absorb these higher costs, and the overall economy suffered. And, of course, the poor were most directly affected by increases in the cost of the grains that were their primary source of nutrition.

It is important to remind ourselves that at the time only wealthy land owners held the right to vote. Only when riots erupted was action finally taken to repeal the tariffs. Beginning in 1839, Richard Cobden took the lead in the fight against the Corn Laws, establishing the Anti-Corn Law League. He was elected to Parliament in 1841. Cobden's initial fight was to liberate producers from state subsidies. He saw the broad societal benefits that occur when market participants have incentives to meet the needs of consumers at prices people can afford to pay. As a manufacturer, Cobden understood that lowering the cost of food would release the income of working people for the purchase of other goods and services.



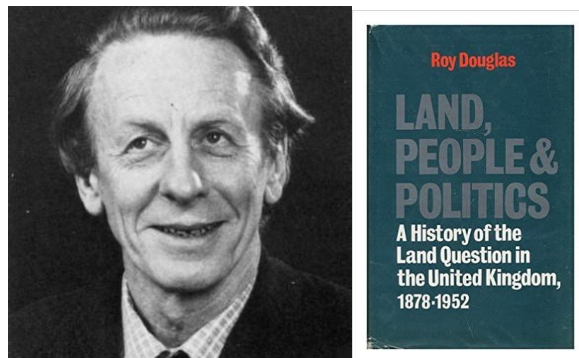
At the same time, Cobden was well aware that any increases in disposable income would find their way into higher rents and prices for land, particularly for urban land. In a letter printed in the 7 January, 1873 issue of the *Times*, Cobden took on the rentier interests of Britain's land owning class:

England is the only great country where feudalism still rules the destinies of the land, and where the owners of the soil are constantly diminishing in number. ...It is a fallacy to suppose that the little proprietor must necessarily be a small farmer, in the usual sense of the term. A number of adjoining properties may be united into a large farm.

In Parliament, Cobden convinced the prime minister, Robert Peel, to support repeal of the Corn Laws. The taxation of imported grain was eliminated, bringing on Britain's expanding era of free trade. Others would have to come forward to offer solutions to *the land problem*.

One result of the repeal of the Corn Laws was that the government became increasingly dependent on the revenue from taxing income to meet its expenditures. An expansion of the franchise in 1866 resulted in the election of Liberals who embraced the idea of progressive taxation; that is, taxation based on the ability to pay. However, the effective rate of taxation on income was less than 1 percent, and most income earners were exempt. Thus, the revenue raised covered less than 10 percent of the national budget. Then, in the 1870s the United Kingdom faced a severe agricultural crisis, as described by historian Roy Douglas:

A run of wet summers culminated in the fearful year 1879, when grain rotted in the English fields in November, and Ireland was brought to the very verge of famine by failure of the potato crop. About the same time, sheep and cattle were visited by epidemic disease. Thus there was an enormous demand for food for the urban population, which home production could not possibly satisfy. [1]



Britain's free trade policies generated new sources of revenue for businesses. Profits enabled business owners to acquire their own landed estates. As explained by historian Tom Nicholas in a 1999 article:

The diffusion of business fortunes into land, either through direct purchases or kinship acquisitions, was a broad avenue through which business magnates entered the upper echelons of society.[2]

Ownership of land in London, however, was already in the hands of "a few large peers and corporations":

Although London property was probably less evenly distributed than the acreage elsewhere, in 1913 there were still 700 owners of more than 5 acres each in the County of London. Their holdings comprised approximately 38 square miles and around 33 per cent of the London County Council area.[3]

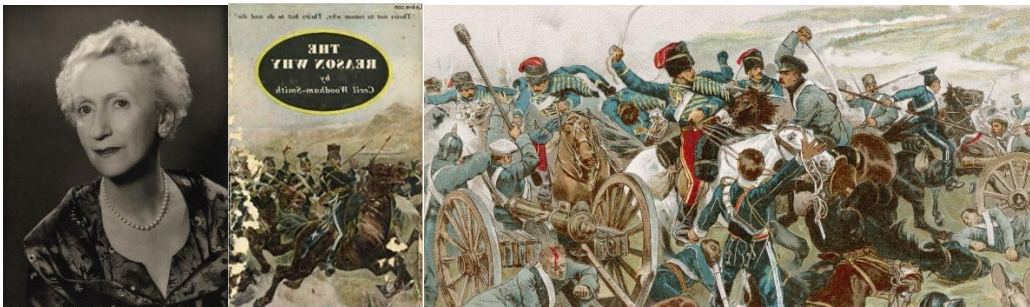
What we see clearly is that the early system of *agrarian landlordism* was evolving, not into what is generally thought to be *capitalism*, but into a system of socio-political arrangements and institutions better described as *agrarian, commercial, industrial and financial landlordism*. The control over centrally-located parcels of land in any city enables the land owner to charge land rents based on the square meter. The land owner may also take on the risks of a capitalist by constructing a building in which to operate a business or lease space to business tenants. The building can also be divided into apartment units and offered for lease to individuals as residences. Accountants call all of the revenue that comes in rents, but one part of that revenue is earned (i.e., the income associated with the building and with the services performed by the owner/manager) and the other part is unearned (i.e., the land rent). Most large manufacturing enterprises are beneficiaries of an imputed land rent, calculated as the difference between the full land rent and what is paid to the community in the form of an annual tax on the assessed land value.

Getting back to the historical record, the late nineteenth century brought on renewed challenges to Britain's imperial presence, particularly in Ireland. Michael Davitt and others were

organizing tenant farmers in protest against high land rents demanded by absentee land owners in England.



The depth of the land problem in the Irish experience is captured by historian Cecil Woodham-Smith's analysis of Britain's involvement in the Crimean War.



This was a war funded in considerable part by ruinous rack rents imposed on Irish tenant farmers:

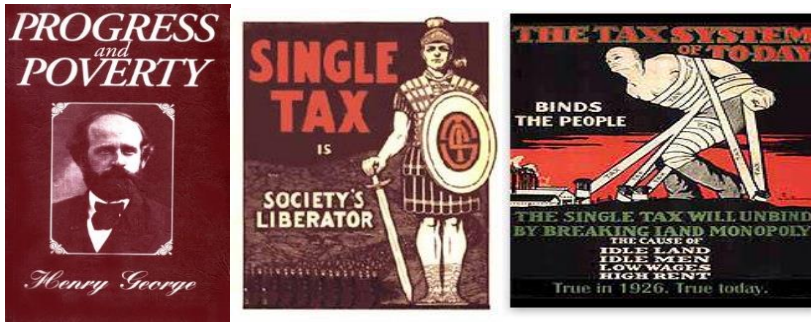
In 1844 Ireland presented the extraordinary spectacle of a country in which wages and employment, practically speaking, did not exist. There were no industries; there were very few towns; there were almost no farms large enough to employ labour. The country was a country of holdings so small as to be mere patches. The people inhabited huts of mud mingled with a few stones, huts four or five feet high, built on the bare earth, roofed with boughs and turf sods, without chimney or window and destitute of furniture, where animals and human beings slept together on the mud floor. In 1843 the German traveller Kohl pronounced the Irish to be the poorest people in Europe. He had pitied, he wrote, the privations endured by the poor among the Letts, Estonians, and Finns, but compared to the Irish they lived in comfort. "There never was," said the Duke of Wellington, himself an Irishman, "a country in which poverty existed to so great a degree as it exists in Ireland."

Pressured by Michael Davitt and others, the Gladstone government attempted to resolve the problem with legislation that gave to the courts responsibility for determining what a fair rent meant. The new law also encouraged the sale of land in Ireland to Irish citizens. Nonetheless, the one real option available to Irish tenant farmers and labourers was migration. The agricultural crisis had a similar impact on the rural populations of Scotland, Wales and England. As revenue declined, land owners began to abandon performance of traditional services in their communities. Again, Roy Douglas explains:

When the farm rents suddenly fell, landlords were frequently unable or unwilling to engage in the useful activities they once performed. People who had once looked to the landlord as a guide and benefactor now came to see him as a man who took rent, but gave little or nothing in return.[4]

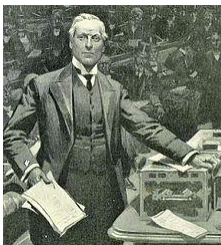
In this sense, the most responsible owners of land continued to provide a form of governance that in earlier times constituted reciprocal feudal obligations. The payment of rent to the land owner was, in part, compensation for services performed, and, in part, equivalent to contributing to a societal fund utilized to provide needed and desired public goods and services. Here, then, was a microcosmic tax-free society in operation. Until it no longer was.

Reformers in Britain began agitating for nationalization of the land. At the same time, the arrival of the American political economist Henry George (author of the widely discussed book *Progress and Poverty*, published in 1879) generated debate and an interest in legislative reform that, if successful, would result in the capture of the rent of land as the primary source of public revenue.



What became known as the “Single Tax Movement” was, in fact, a movement in support of the elimination of all taxation, to be replaced by the land rents that arise because of advantages provided directly by nature (e.g., a temperate climate, a navigable river and natural harbor, accessible topography, good rainfall, fertile soils, forests of usable timber, and subsurface minerals), or created by a community’s investment in infrastructure and other amenities.

The rent as revenue movement was, of course, strongly resisted by many of the nation’s owners of land. As the nineteenth century ended, most of the opposition came not unexpectedly from those who occupied the House of Lords. In 1907, the Lords managed to block a measure introduced in the House of Commons that would fund a valuation of the land of Scotland. The following year new elections brought in Herbert Asquith as Prime Minister.



Addressing a mass meeting in mid-1909 organized by the National Liberal Federation, Asquith attempted to make the government’s case for the rent as revenue reform:

“[W]hat the state is doing is not putting a tax upon land as such – nothing of the kind. What it is doing is this: it is saying to the land owner, when your land acquires through causes for which you are not responsible, and to which you have not contributed but which result from the growth of the community and the action of the

community – when your land under these conditions, and these conditions only, acquires an increment of value either actually realized or conveniently realizable the state will step in and exact a toll.”[5]

Unfortunately, the attention of the public and of those who occupied seats in the nation’s Parliament was diverted by external threats. Defending the empire was a costly undertaking for the nation. Those costs skyrocketed after 1914 with Britain’s entry into the First World War. The government needed to maintain public support for the war and so introduced an excess profits tax and taxes on luxury imported goods. The income tax was also raised; and, when these measures provided insufficient revenue to meet spending needs, the government borrowed.



As always occurs during wars, the cost of living for most people climbed; the already poor and many retired persons were affected most.

Although Britain experienced no great physical damage to its cities during the First World War, the return to peacetime production was slow. The United States emerged as a major competitor for markets Britain had long dominated. And, then, the world’s economy collapsed during the financial and economic depression of the 1930s. Six years of war against Germany, Japan and their allies then left the nation with enormous financial, economic, social and political challenges. How was the revenue to be raised to rebuild the nation’s devastated cities and address many of Britain’s long-standing social problems?



Economists were advising the government to make changes that would (their theories told them) bring in needed revenue while also stimulating real economic growth. Of course, economists had different answers depending on which theories they thought explained the real world. Politicians argued for or against tax policies based on ideology, vested interest, how they gauged the pulse of their constituents, or what views expressed would bring in campaign contributions. Scientific analysis took a back seat to all of these divisive perspectives. As a result, all efforts to reignite support for rent as revenue initiatives failed to gather the necessary public or political support. For the proponents, there seemed to be a deep abdication of a fundamental moral sense of right and wrong at play. A typical observation was made in 1950 by one Brett Allen:

We have the eighth Commandment – ‘Thou shalt not steal’. It should have a corollary – ‘Thus shalt not be stolen from’. When we submit passively to being stolen from, we become a party to the crime. We are guilty with the thief. When we feel that taxes are stealing from us our earnings, ... why, there must be something wrong with the system.

Taxes are spent, or should be spent, for the common good, the common need. They should therefore come out of a common fund, the common wealth. ...The good earth lies open. Its nominal ownership, its value, its use are all before us. Its private use is a privilege, granted to the individual by organized Society, and that privilege must be paid for. Such payments are just, are honest are moral, and re-moralising.[6]

During the 1950s and 1960s the nation continued to rely heavily on revenue from taxing income. A tax on corporation profits was introduced in 1965. Tax rates were increased or decreased every time new budgets were negotiated by party leaders. The Thatcher

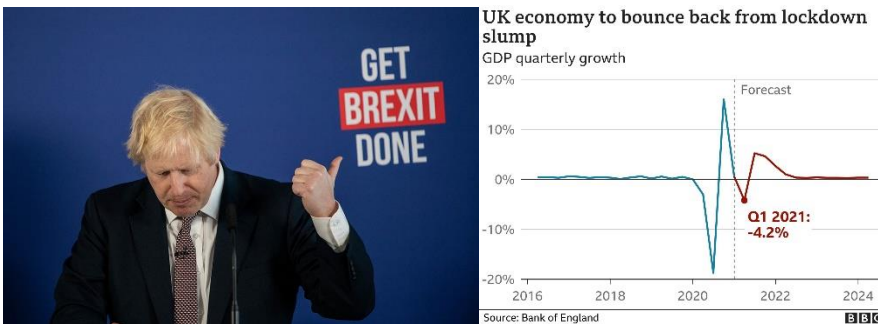
and Major governments later instituted deep cuts in personal income tax rates, the effects greatly benefiting those with higher incomes (a good portion of which was derived directly from land rents or from gains on the sale of land) but doing little for those already struggling to make ends meet.



Gordon Brown continued these reductions, attempting to recoup lost revenue with a Value Added Tax and increasing contributions to National Insurance.



Now, the current government (and the nation) faces the complicated challenges of funding public goods and services while stimulating economic production as negotiations advance toward departure from the European Union.



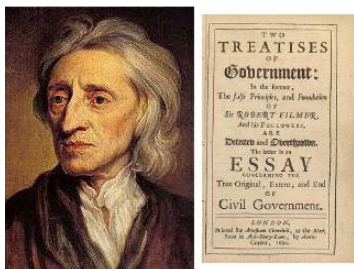
CHAPTER 1

Is Taxation Theft?

The reader so far has been provided with a very abbreviated history of the centuries-long process by which government came into being and the measures those who governed undertook to raise needed revenue. A fundamental moral issue is raised by asking the simple question: “Is taxation theft”?



The great English moral philosopher John Locke took pains to examine human nature and how we respond under different societal structures and conditions. There is much to be learned by a close reading of his *Second Treatise on Civil Government*, published in 1690, and to Locke’s observations regarding government’s options for raising needed revenue.



In the fifth chapter (“On the Moral Basis for Property”) Locke first acknowledges that “God ‘has given the earth to the children of men’, given it to mankind in common”. He goes on, further, to acknowledge that “there must of necessity be a means to appropriate [the fruits of Nature] some way or other before they can be of any use, or at all beneficial, to any particular man”. Thus begins the discussion on what establishes a moral basis for property.

Locke affirmed the principle that human labor is the active agent required for the production of wealth, the tangible assets legitimately claimed as one's property. It is common sense, is it not that:

Whatsoever ... he removes out of the state that Nature hath provided and left it in, he hath mixed his labour with it, and joined to it something that is his own, and thereby makes it his property.

With one important stipulation; namely, that *"there is enough, and as good left in common for others"*. Land, all of nature, is what political economists referred to as the first and passive factor of production, the source of all tangible wealth people produced by applying their labor. By this criteria, nature must be recognized as the source of produced wealth but not itself as wealth. Nature is the commons from which wealth is generated. If one accepts this principle, then how does a society treat nature under the laws of property?

Surprisingly, Locke expressed less concern with the justice of the social arrangements than with efficient use of land that resulted in increased production (what today we would describe as the "highest, best use" of land). The enclosure of the commons, he concludes, achieved this outcome.

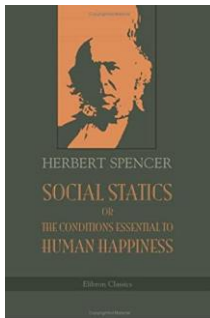


At the same time, Locke argued that all taxes have the effect of reducing the aggregate rent of land. This brought Locke to champion *"the Landholder"* as *"the person, that bearing the greatest part of the burthens of the Kingdom ought ... to have the greatest care taken of him, and enjoy as many Privileges, and as much Wealth, as the favour of the Law and (with regard to the Publick-weal) confer on him"*. There is nothing in Locke that even hints that he believed there is a moral justification for the public collection of land rent. He simply

expected that owners of land would voluntarily contribute to the costs of government as a social obligation very much as was the case under reciprocal feudal arrangements.

Locke was far from being history's only leading light who unfortunately failed to think through the logic of requiring those who control part of nature to compensate society for what is indeed a powerful privilege. As someone aligned with and dependent upon those with entrenched landed interests this is not surprising. Over the centuries there also have been many persons holding positions of high academic standing or political influence who have demonstrated a willingness to refrain from pursuing the land question too deeply so as not to raise questions regarding long-standing traditions and conventions.

A prime example of how explaining reality might be damaging to one's professional and societal standing was exhibited by the philosopher Herbert Spencer. By the late 1800s, Spencer stood above almost all others as an acknowledged original and authoritative thinker. What he wrote about landed property and the private versus public right to the rent of land underwent significant revision over the decades following his 1850 treatment in the book *Social Statics*.



In this book he declared against claims of private property in land and the enclosure of the commons:

Supposing the entire habitable globe to be so enclosed, it follows that if the landowners have a valid right to its surface, all who are not landowners have no right at all to its surface. Hence, such can exist on the earth by sufferance only.

There was as yet to be acknowledged the history of how land came to be controlled. The truth raised important moral questions:

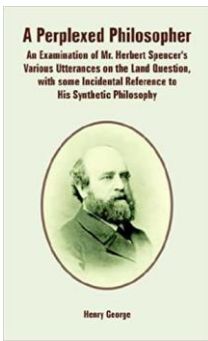
It can never be pretended that the existing titles to such property are legitimate. ...Violence, fraud, the prerogative of force, the claims of superior cunning – these are the sources to which those titles may be traced. The original deeds were written with the sword rather than with the pen.

Spencer then took a very significant step in the radical liberal direction by expressing the opinion that the rent of land could be collected as well by government as by private landlords. Unfortunately, Spencer was at the beginning of his career and neither the intellectual community nor the British public gave to *Social Statics* its deserved attention. When the attention did occur almost three decades later, it was not welcomed by Spencer.

The reason for Spencer's discomfort was that his words had been quoted by the American Henry George in his book *Progress and Poverty*, a book arguing that a rent as revenue system met an objective test of justice and called for the elimination of rentier privilege. In 1883, Spencer responded in an open letter published in the *St. James's Gazette of London* that his views had been misrepresented. Spencer in a certain sense ended up arguing that the perfect is the enemy of the good:

The purely ethical view of the matter does not obviously harmonize with the political and the politico-economical views; ...This is not the place to repeat my reasons for thinking that the present system will not be the ultimate system. Nor do I propose to consider the obstacles, doubtless great, which stand in the way of change. All which I wish here to point out is that my opinion is by no means a positive one; and, further, that I regard the question as one to be dealt with in the future rather than at present.

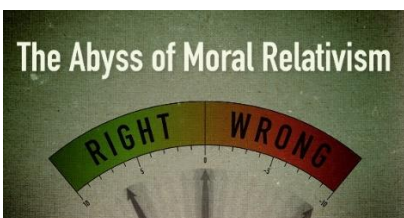
Henry George decided to devote the time to write a complete review of Spencer's writings on the subject of the private ownership of land, published in 1892 with the title, *A Perplexed Philosopher*.



What did George conclude?

Mr. Spencer started out in 1850 to tell us what are our rights to land. And, excepting that he fell into some confusion by carelessly transforming equal right into joint rights, he clearly did so. ...Yet, now, this same Herbert Spencer actually assumes that the only question of moral right as to land is, who robbed whom, in days whereof the very memory in robbing has perished, and when, according to him, everybody was engaged in robbing everybody else.

George's analysis of Herbert Spencer's evolving positions on the land question is instructive, providing a considered primer on the complexity of all that is involved. There are too many other examples of otherwise objective leading lights who succumb to revisionist history and adherence to moral relativism when it comes to treatment of the land question. The serious student will find real benefit by reading what George had to say.



Let us now consider some basic facts about the history of our planet and our species. Our planet was formed an estimated 4.5 billion years ago. A billion years later the first life forms evolved. Several more billion years was required for the planet to evolve so that primates and other air-breathing animals could survive. Some five to seven million years ago the first apelike creators evolved on the African continent. The evidence indicates that some 2.5 million

years ago these pre-humans were regularly using crude tools to hunt animals and harvest plants. Homo sapiens appeared around 130,000 years ago, equipped with an advancing capability to apply their labor to nature in order to *produce* the goods necessary for survival.



What they produced, Locke argued, was theirs to consume, to share, to save, or to combine with other goods creating new items of clothing, tools, weapons, shelters, and many other items that improved their quality and length of life.

Fast forward again to the modern era, when government began to tax the goods people were producing, tax income earned by producing and exchanging goods, tax the value of every kind building constructed for residential, commercial, or other use. Economists who have studied the impact of taxation tell us that such taxes have a disincentive effect on their production and ongoing maintenance.



Take housing, for example. Governments all around the world generally impose an annual tax on the value of housing units, based on a valuation that may or may not be close to what the housing unit would sell for in the open market.

Here is the problem. A housing unit is a depreciating asset that requires ongoing expenditure to maintain its livability. Every decade or so, owners must replace essential systems. If there is any logic in subjecting housing to such taxation, then we ought to impose an annual tax on all depreciating assets – on our automobiles, trucks, computers, cell phones, televisions, refrigerators, etc. etc. etc. Does this make sense to you? For a large percentage of households in the United Kingdom, homeownership is already well out of reach. Accumulating savings to invest toward a financially-sound retirement is becoming impossible as well, particularly for those households who live in housing leased from private owners and not subject to any form of rent control or rent stabilization.

Now, let's look at the very different case of the locations where we live and work. Every parcel or tract of land has some potential annual rental value, what someone or some entity would pay to gain control over a location under conditions of competitive bidding. And, again, the value of any location is based on its accumulated advantages.



This value is independent of what any individual owner of land does or does not do to improve the location's usefulness. The value accrues to the location because of the quality of public and private goods and services brought to the location, such as: the quality of police and fire protection; nearness to places of employment, hospitals, libraries, public transit, retail shopping, and restaurants; and, nearness to parks, athletic fields and other entertainment venues. Leaving this value in the hands of private individuals and private entities is, for the most part, the consequence of past and current public policy. Does this make sense to you?



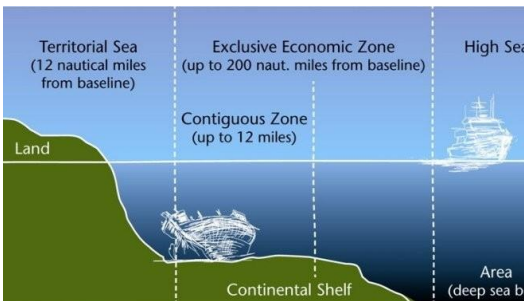
CHAPTER 2

Nature's Gifts Are Almost Unlimited

We are (at least for now) primarily land animals. We may spend time onboard boats and ships harvesting fish or extracting other natural resources from our rivers, lakes and oceans. But, with few exceptions, we live on the land. While almost all of the land area of the world is claimed by groups of people as their sovereign territory, the oceans remain as an international commons.



Early in the twentieth century those nations whose land borders reached one or more of the oceans began to claim control over extended distances out into the oceans and to all fish stocks and mineral resources found therein. A conference organized in 1930 under the auspices of The League of Nations failed to reach any agreement on what the limits ought to be. Soon after the end of the Second World War, the United States declared control of access to all natural resources found on its continental shelf.



Other nations extended their claims to 200 nautical miles from their shores or some other distance.

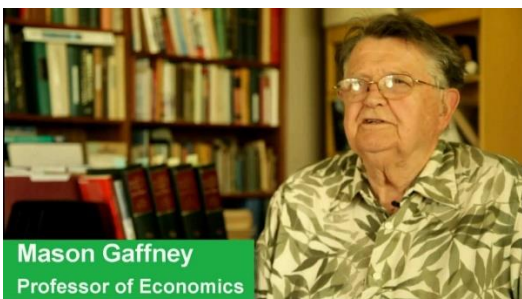
Something had to be done to establish a uniform system. So, in 1956, the United Nations held the first Conference on the Law of the

Sea at Geneva, Switzerland. Some agreement was achieved but key issues were left unresolved.



In 1967, Malta's delegate to the United Nations reopened discussion of the issues, leading to a new conference in 1973 convened in New York City. Over 106 nations participated, and the conference continued for nine years. The new convention became operative on the 16th of November, 1994. The most important outcome from the perspective of the issues covered in this book was establishment of an International Seabed Authority responsible for allocating and regulating seabed exploration, mining and the collection and distribution of mining rents. However, absent from the convention is any charge to commercial interests engaged in the taking of fish stocks from the open seas. Logic suggests that once biologists determine the maximum quantity of each species that can be sustainably harvested, licenses would be issued by competitive bidding, the rents then distributed to all member nations under some negotiated formula.

The list of natural assets yielding rents is long, indeed. In 2008, U.S. economist Mason Gaffney provided an extensive list of such assets.



Oil, gas, coal and uranium deposits lead the list. Supplies of fresh water, particularly in relatively arid regions, all have strong rental values that could be and should be collected. New technologies have dramatically increased the rental value of land served by long hours of sunshine or wind. Here are a few more examples provided by Professor Gaffney almost none of us would ever think of:

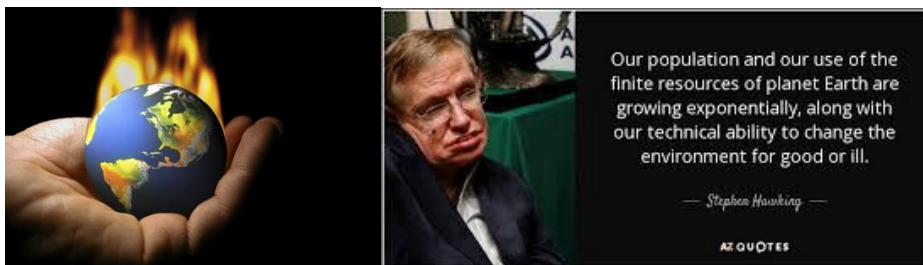
Permission to build and maintain transmission towers ... could bear heavy taxes [i.e., rent charges] to pay for the negative spillover.

Superior geothermal sources should bear an extraction charge.

New kinds of natural resources, hitherto neglected or not classed with land, show great revenue potential. Some examples are the radio spectrum; telecom relay sites; slots in the geosynchronous orbit, fishing quotas; quotas on production and imports and marketing; pollution permits; power drops; curb parking spaces; highway access; mooring spaces; etc..[7]

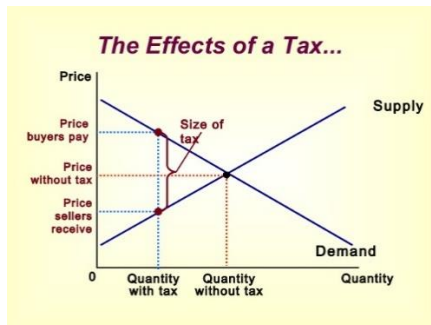
Change will come only when we return in our thinking to the idea of the planet as a commons, that access to nature is a fundamental human right, but that control over specific locations or other natural assets is a monopolistic privilege chargeable to those who benefit thereby. The appropriate charge is not taxation, is not a confiscation of one's legitimate personal assets. The appropriate charge is compensation to society for benefits received.

We do need to remind ourselves that while the resources of nature are vast and many are renewable, our planet is finite. Some of the resources we utilize once consumed are gone forever. As Stephen Hawking warned, how we respond will determine our future.



If we are to secure for future generations the same opportunities we have enjoyed, we must do all we can to incentivize people today – right now – to adopt sustainable practices, to make the highest, best use of land and natural resources. Market forces, effectively applied when operating within the tax-free society environment, will work their magic. By removing the burden of taxation from incomes earned producing goods, by removing the burden of taxation from the value of depreciating assets, and by removing the burden of taxation from our exchanges, human ingenuity is maximized.

This graph shows how economists convey what occurs today under the weight of so many different taxes.



Taxes are a burden on producers and on production. They impose what is referred to as *dead weight loss* on the output of goods and services. There is no such outcome caused by the public capture of rents. When a producer who controls land or other natural assets pays to society the full rental value derived from such control, their financial obligation to society is fulfilled. They would then be in a position to enjoy the full benefits of a tax-free society. And, a tax-free society will be a full employment society, meaning that there will always be more jobs looking for workers than workers looking for jobs. Whenever there is a shortage of needed workers, wages rise and benefits are expanded in order to attract qualified people. Unemployment – of labor and of capital goods – will become a condition of the past.



CHAPTER 3

How Rent as Revenue Will Save Our Planet (and our nation)

Where to start. The polar ice is melting. Mountain glaciers are disappearing. Sea levels are rising. Storms are increasing in both frequency and intensity. Arid regions are receiving less and less rainfall. Temperate regions are experiencing dramatic changes in weather from historic patterns. Most scientists concur that the main cause is the amount of carbon dioxide we release into the air associated with the energy we use in our homes and other buildings, our use of the automobile and our air travel.



The predictions for the United Kingdom include rising average temperatures, with hotter summers and less cold winters. This will bring increased rainfall during the cooler months, causing increased local flooding and more incidences of destructive flash flooding. Severe weather events are also likely to increase. Rising sea levels will worsen coastal erosion and increase the damage caused by floods. There will be increased incidences of diseases such as skin cancers, the elderly and very young the most vulnerable. Agriculture and plant and animal wildlife will be affected in ways not yet well understood.



Responding to all of these threats to the nation and its citizens will require mobilization of every segment of society and a commitment to spend financial resources on physical and social infrastructure well beyond what is currently budgeted.



The 2020 budget included some 640 billion pounds to be spent on the nation's roads, railways, schools, hospitals and power networks. These funds were to be distributed by the end of the current Parliamentary term. All of this is to be accomplished while trying to prevent further damage to the health of the population and the nation's economy caused by the pandemic. The government expected to go into the credit markets to raise nearly 400 billion pounds to balance the one year budget ending April of 2021.

So, how much land rent is there to capture? Would it be enough to balance the budgets of government at all levels if collected? What steps are needed to start the dominoes falling in a constructive direction?



CHAPTER 4

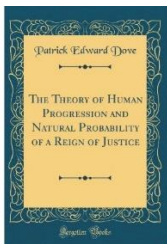
The Time to Adopt Rent as Revenue Has Always Been Now

The time for action is now. As explained in this book's introduction, we have struggled for many centuries to come to terms with our moral obligation to one another to implement a just and economically-efficient system of public revenue. The political economists of the past and many modern theorists have analyzed and re-analyzed the options. Again and again they have reached the same conclusions and urged the same action: replace taxation with the societal collection of rent from all sources. Here is what some of the leading lights of our past and present have tried to teach us.



Winston Churchill, in a speech delivered in London (1907):

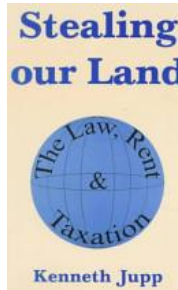
There are only two ways in which people can acquire wealth. There is production and there is plunder. ...We are here to range definitely on the side of production, and to eliminate plunder as an element in our economic system. The present land system hampers, hobbles and restricts industry. ...I believe a reform of our rating system and our system of land tenure would be followed by an upward movement in the material welfare of the nation.



Patrick Edward Dove, in *The Theory of Human Progression* (1850):

The question is upon what terms, or according to what system, must the earth be possessed by the successive generations that

succeed each other on the surface of the globe? ...By the division of its annual value or rent; that is, by making the rent of the soil the common property of the State), by taking the whole of the taxes out of the rents of the soil, and thereby abolishing all other kinds of taxation whatever.



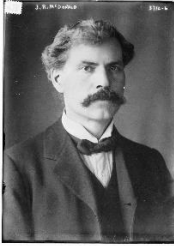
Kenneth Jupp, in *Stealing Our Land* (1996):

Constitutions proclaim high-sounding human rights such as liberty, fraternity, and equality; justice and domestic tranquility; and so on. But almost everywhere, and certainly in England, freedom is, for the majority of people, freedom to find a master whom they can serve for a wage or salary, and a landlord from whom they can rent or buy a dwelling place. Such is the power of land monopoly. ...People should pay to society the value of what they receive from society, which is reflected in the value of the land they occupy. To allow that value to be bought and sold between private individuals is morally wrong. Land is, by natural law, the common property of the community.



George Lansbury, in the *Manchester Guardian* (November, 1937):

[W]e consider that the present rates should be abolished. They penalize the householder, cripple enterprise, and encourage the speculator. ...The expenditure of public moneys on social services actually creates a fund ample to meet the cost of these services. This fund always appears in the market value of the land. It is created by the community and should be enjoyed by the community.



Ramsay MacDonald, quoted in *Land and Freedom* (November-December, 1924):

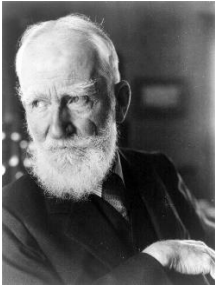
The differences in the quality of land and in its natural advantages determine where towns are to be, where different kinds of food are to be grown, where there are to be factories, where there are to be mines, where there are to be green fields, where there is to be a Black Country. This in turn determines that rents are to vary. But however much they vary, they are all of the same economic nature. They are the price paid to the landowners by the community – for it is really the community of consumers that pays and not the individual – to induce him to allow his land to be used at all. ...The owners of land is thus in the position of a man who holds the keys of life, and he consequently can exact a maximum toll as his price. He does so. Rent therefore tends to absorb every social improvement that can be turned into an advantage in the exchange market.



Francis Neilson, in *The Single Tax Review* (April, 1913):

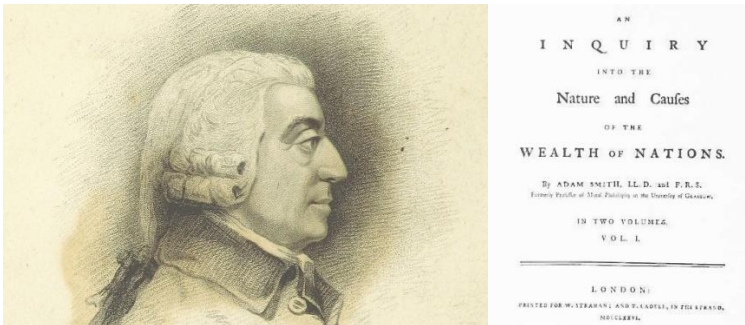
Every human being gets his sustenance from nature. The clothes he wears, the food he eats, the habitation that shelters him, comes from nature's bounty. In other words, man is essentially a land animal, his very life depends on access to the resources of nature. ...Why should a few individuals be permitted to secure control of our coal and our timber ... and be permitted to extort from the people who must have them in some form or other?

This, when we get down to bottom principles, is one of the great questions that must be solved....



George Bernard Shaw, in *Everybody's Political What's What?* (1944):

When a landless man agrees to take a plot from a landlord at so much a year, he does so voluntarily on his own initiative, content if he can make the sort of living he is accustomed to out of it, and thinking it as natural to pay for his land as for his umbrella. He does not understand the land question, and often looks forward to becoming a land proprietor himself; for there is always land enough in the market for people with money enough to buy it. Even if the purchaser has not money enough he can still purchase land and borrow the price on mortgage.

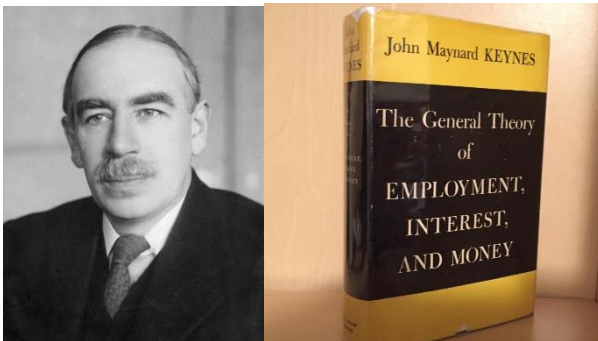


Adam Smith, in *The Wealth of Nations* (1776):

Ground-rents and the ordinary rent of land are ... perhaps, the species of revenue which can best bear to have a peculiar tax [i.e., charge] imposed upon them.

What is quite remarkable has been our ability to recover each time our economy crashes under the weight of burdensome taxation and intense speculation in land, in commodities and in financial

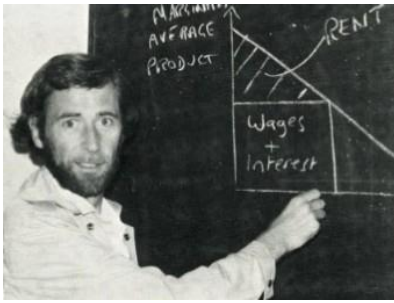
markets. One school of economists has always argued that these economic downturns cannot be accurately forecasted and should be allowed to run their course. Other economists believe that while downturns cannot be accurately forecasted, government can implement policies and programs that will shorten the depth and duration of recessions – and prevent them from becoming full-blown depressions.



Britain's most influential economist since Adam Smith, John Maynard Keynes, argued that government should impose high taxes during good times so that surplus revenue would accumulate. Then, when the inevitable downturn came, government would have the funds to inject into the economy. Governments have never listened to the advice given by Keynes. There are too many political incentives to spend all and more of whatever revenue is raised.

As brilliant as Keynes was, he failed to see the full destructive powers of taxation. Equally important, he failed to see the full destructive powers of credit-fueled speculation in land or how public collection of land rent solves this economic problem.

In fairness to Keynes, he may have been blind to these dynamics because of the statistics he was working with. In 1983, a lecturer in economics at Strathclyde University named Roger Sandilands revealed how the real rental income of the economy was disguised by the existing tax system.



His research brought him to strongly support proposals for the adoption of a rent as revenue structure to fund public goods and services:

Unlike taxes on labour and capital, the payment of rents to the state is not an 'invasion of proprietary rights'. It is the restoration of proprietary rights to the community.[8]

A year before Keynes's *General Theory* was published, a book written by Frederick Verinder, titled *Land and Freedom*, was published in England.



Verinder covered much of the ground we are covering in this book, pointing to the urgency even then of moving to land rent as revenue system:

[T]he taxation of land values is not offered as an addition to the long list of existing taxes, but as a substitution, immediately for some of them, ultimately for all of them.

Verinder had been a staunch proponent of the rent as revenue reform since the 1880s, when he helped to plan lecture tours of England and Scotland for Henry George. From that early period on he had served as General Secretary of The English Land Restoration League, later renamed The English League for the Taxation of Land

Values. He was a graduate of the Royal College of Science but abandoned a career in science to devote himself to social reform. There were countless others scattered throughout the United Kingdom who followed similar paths after coming to embrace the philosophy behind the rent as revenue campaign.

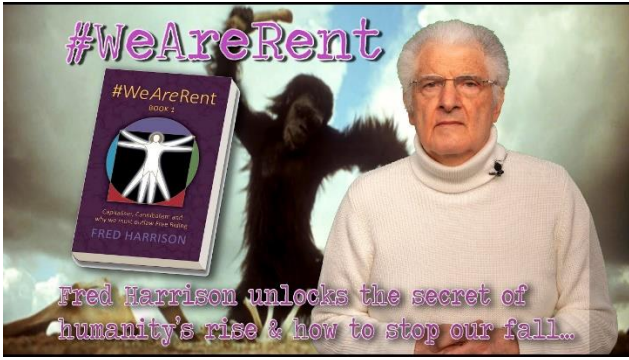
From 1926 on, the campaign was coordinated from London by the International Union for Land Value Taxation and Free Trade, which had thousands of members scattered around the globe (and still functions as a coordinating body today with NGO status at the United Nations).



Until the pandemic forced almost all educational programs onto the Zoom platform, anyone in the London area interested in gaining an in-depth understanding of the issues raised in this book could register for courses offered by the Henry George Foundation of Great Britain at The School of Philosophy and Economic Science, 11 Mandeville Place, pictured here.



What happens next is up to you. As we have hopefully shown, the logic for adopting the rent as revenue system is indisputable. The cost of not moving in this direction as soon as possible will be systemic collapse. The full details of how this will unfold are laid out in the newly-published trilogy by Fred Harrison, titled *#WeAreRent*.



FOOTNOTES

1. Roy Douglas. *Land, People & Politics: A History of the Land Question in the United Kingdom 1878-1952* (London: Allison & Busby, 1976), p.19.
2. Tom Nicholas. "Businessmen and land ownership in the late nineteenth century," *Economic History Review*, Vol. LII, No.1 (1999), p.28.
3. *Ibid.*, p.31.
4. Roy Douglas, p.42.
5. Herbert Asquith. "The Difference Between Taxing Land and Land Values", *The Single Tax Review*, January-February, 1912, p.26.
6. Brett V. Allen. "The Moral Issue In Taxation", *Land & Liberty*, August-September, 1950, pp.206-207.
7. Mason Gaffney. "The Hidden Taxable Capacity of Land: Enough and to Spare," *International Journal of Social Economics*, Summer, 2008.
8. Roger Sandilands. "Why taxes ultimately fall on rental income," *Land & Liberty*, May-June, 1985.