

EITHER LVT — OR PRIVATE ENTERPRISE FAILS

Let's face it — land doesn't follow the usual laws of a free market. Its supply was fixed at Creation, and an increase in demand for it will not call forth an increase in supply as with other commodities. Tax land, and it will be used efficiently; but tax labour and capital and we will have less of those things. And if an income should be owned by its producer, then government should own the land-rent income, since society and not the landowners provides the jobs, shopping and government services which give land its rental income. Land has value irrespective of what its owner does or does not do, and this can be said of no other commodity.

Clearly, land is unique and unless private enterprise recognizes this, it compromises its claim to moral justification and loses its efficiency until it gradually is transformed into a regulated socialistic economy. Consider:—

- If land is not taxed, then it will be used inefficiently and there will be premature sprawl into our clean-and-green countryside and government intervention will be demanded.
- If land is not taxed, then buildings will, and they will be expensive and in short supply. Jobs will be lost and unemployment will mount. Land prices will creep upward due to inefficient land use, exacerbating inflation and further burdening the private incentive to produce. The cry for government intervention will everywhere be heard.

What to do about the poor? To tax others to support them is a violation of the rights of private property but what choice does private enterprise, as currently conceived, have? Tax rates rise inexorably, slowly destroying private enterprise (and still poverty persists). A tax on land values would easily raise billions of dollars annually and more than suffice to inundate poverty, while simultaneously spurring production.

And so the conclusion is clear: land value taxation is the sine qua non of private enterprise. Without it, private enterprise is slowly slipping away while so many profess to favour it.—Adapted from "Incentive Taxation", June, 1985.