

Robert Schalkenbach Foundation

Libertarian Party at Sea on Land

Harold
Kyriazi



Libertarian Party at Sea on Land

To Mom
who taught me
the Golden Rule

and

Henry George
121 years ahead of his time
and still counting

Libertarian Party at Sea on Land

Author: Harold Kyriazi

Book ISBN: 978-1-952489-02-0

First Published 2000

Robert Schalkenbach Foundation

Official Publishers of the works of Henry George

The Robert Schalkenbach Foundation (RSF) is a private operating foundation, founded in 1925, to promote public awareness of the social philosophy and economic reforms advocated by famed 19th century thinker and activist, Henry George.

Today, RSF remains true to its founding doctrine, and through efforts focused on education, communities, outreach, and publishing, works to create a world in which all people are afforded the basic necessities of life and the natural world is protected for generations to come.

RSF

ROBERT SCHALKENBACH FOUNDATION

Robert Schalkenbach Foundation

info@schalkenbach.org

www.schalkenbach.org

Libertarian Party at Sea on Land

By Harold Kyriazi

ROBERT SCHALKENBACH FOUNDATION

New York City

2020

Acknowledgments

Dan Sullivan, my longtime fellow Pittsburgher and geo-libertarian, not only introduced me to this subject about seven years ago, but has been a wonderful teacher and tireless consultant over the years since then. I'm deeply indebted to him, and appreciative of his steadfast efforts to enlighten his fellow libertarians here in Pittsburgh and elsewhere.

Robin Robertson, a fellow geo-libertarian whom I met at the 1999 Council of Georgist Organizations Conference, gave me detailed constructive criticism on an early draft, brought Ayn Rand's essay on the broadcast spectrum to my attention, helped conceive the cover illustration, and helped in other ways too numerous to mention.

Several geo-libertarians have responded to questions I posed to them by email, and I thank them for their dedication in disseminating their vision of the true and beautiful: Mike O'Mara, and economists Fred Foldvary and Nicolaus Tideman.

Mark A. Sullivan, Executive Assistant at the Robert Schalkenbach Foundation, and President of the Council of Georgist Organizations, pointed me toward many scholarly references early on in my explorations of having this work published, and helped with the later nuts and bolts as well. Schalkenbach's Executive Director, Ted Gwartney, a longtime real estate appraiser, engaged me in some meaningful discourse on the moral and practical aspects of land value tax, and pointed me toward Harry Pollard, Executive Director of the Henry George School of Social Science of Los Angeles, with whom I've engaged in lively e-mail debate about "land value rebates."

Robert V. Andelson, a member of the Schalkenbach publications committee, and a prominent and prolific geo-libertarian, pointed me toward many of his relevant works, and also brought Bertrand de Jouvenel's statements about natural resource monopoly to my attention. Two words come to mind when I think of Bob — scholar and gentleman.

I also wish to convey my appreciation to the other members of the Robert Schalkenbach Foundation publications committee, for their decision to publish this essay.

Thanks to Don Ernsberger for comments on the manuscript.

Special thanks to my colleague, Brad Minnery, for applying his considerable talents in drawing the cover illustration.

I thank the Universal Press Syndicate for allowing the reproduction of two Toles cartoons free of charge.

Finally, I wish to thank my brother, Nick, and two other local libertarians, Henry Haller and David Nayberg, for remaining unconvinced during many long discussions. Their obstinacy has led me to believe that the best, and perhaps the only, way to reach most libertarians — if not most people — on this subject is to adhere very closely to principle. Hopefully they will find something persuasive in these pages.

I used to think that libertarians were the best group of people I'd ever been around. But I have to rank geo-libertarians even higher on that scale after having met many of them at the above-mentioned conference (Gaithersburg, MD, July, 1999). Their love, understanding, scholarship and dedication are truly inspirational.

Pittsburgh, Pennsylvania, USA Harold Kyriazi

June, 2000

Contents

[Preface](#)

[1: Introduction](#)

[2: First Principles](#)

[3: Land views of classical liberals, contemporary libertarians, and other
greats](#)

[4: Other arguments for and against LVT](#)

[5: Geo-libertarian Proposals for Change](#)

[Appendix — Internet Contacts](#)

[Bibliography](#)

[Index](#)

[About the Author](#)

Preface

Why this essay? I'm a libertarian. I believe that the ideas embodied by the libertarian movement in general, and the Libertarian Party in particular, represent humanity's only hope for a future worth living. But I also think the Libertarian Party and the majority of today's libertarians (along with almost everyone else) are wrong about a seemingly insignificant, but fundamental aspect of political philosophy — our system of ownership of land and other natural resources — and have strayed far from our classical liberal roots. I believe that a recognition of this aberration, and a return to our roots, will open up a common ground, of economic freedom and justice, on which freedom lovers of all persuasions — left, right, and libertarian — may join together in an unbeatable coalition. The future is ours for the taking, if only we'll all do a *bit* more studying! This essay is written toward that end.

I was introduced to the concept of land value tax (LVT) gradually, through the patient efforts of Dan Sullivan, while we both worked with many other freedom lovers to develop the Libertarian Party of Pittsburgh during the period from 1992 to the present. Several of the arguments presented here are ones he made to me. And, if you're a libertarian who wants a concise presentation of these ideas, I highly recommend Dan's essay entitled "*Are You a Real Libertarian or a **Royal** Libertarian?*" (It's available electronically on his web site, or in print form from the Robert Schalkenbach Foundation — for both, see "Web Sites of Interest," p.113.)

One indication of how much my thinking has changed over the past few years is that I used to be outraged that I didn't really *own* my own land: failure to pay my property taxes could result in a "Sheriffs Sale" of my home. "I'm just renting from the government!", I fumed. But now, I don't think I or anyone else should be allowed to own land free and clear of all obligation to the rest of humanity. Before, I thought a "head tax" was probably the most appropriate way to fund government; everyone should pay the same amount because, I thought, we all get the exact same benefits

from the valid functions of government. Now, I think it's absolutely essential that each holder of land pay a *net site value rent* (i.e., LVT), which is the location value of his land minus the value he adds to that of the rest of the community. If he contributes more than he gets, then the community owes him something in return (a "land value rebate").

A major benefit of this transformation I've undergone is that, for the first time, I could have an effective dialogue with liberals about economic matters. Previously, I thought they had absolutely no leg to stand on. I thought 100% of our economic problems came from their so-called "Progressive" Movement. But now, I could see that a) there *was* such a thing as monopoly *not* caused by Big Brother Government (it was caused even by our small, 19th century government), and b) there *was* a problem with our form of capitalism, as its allowance of some to monopolize natural resources amounted to a rather vicious denial of everyone else's inherent right of free and equal access to Nature's Bounty. (In fact, it was our small, 19th century government's allowance of such monopoly which led to the extreme degree of social and economic injustice that fueled the Progressive Movement.)

As proof of the general significance of such a personal, intellectual transformation, I offer the example of what has happened here in Pittsburgh over the past seven years. Starting with one advocate of LVT, Dan Sullivan, we've had a steady progression of libertarian converts, each of whom has been inspired to run for public office with LVT as a major campaign issue (the converts who haven't run yet are only college age — give them time!). And, they constitute the majority of Pittsburgh-area libertarians who *have* run for public office. They include Mike Goldman (Wilkesburg mayoral race in 1993 and Pennsylvania State House in 1994), this author (Pittsburgh City Council in 1995 and State Senate in 1998), Ron Rosenberger (1998, State Senate), and in 1999, Robert Chesnavich (Allegheny County Council) and Andy Corkan (County Council At-Large). What caused these individuals to step forward and run? I think it was the added knowledge that they actually have something to offer *everyone* — a full measure of liberty and justice for all, both in one's personal life and one's economic life. Wouldn't you just *love* to be able to establish a rapport with liberals—even outright socialists — about economics? To be able to agree with them that, yes, there's something wrong at the base of our capitalist system (though

there's nothing wrong with capitalism *per se*)? To agree with them that the system grinds down and oppresses the working poor? To be able to understand why socialists view capitalist centers of wealth creation as inherently despicable — as centers of injustice where "the rich guy steals from the workers and gets away with it"? They're wrong, of course, but not as utterly wrong as I used to think. I used to view socialists, almost literally, as mentally defective: "How can anyone with a brain have such a misperception of reality?" But now I no longer have such a dim view of many of my fellow human beings. It's quite a relief, and also explains why many others often have such a dim view of us libertarians and *our* mental abilities: it's a case of misperception and ignorance all around, where all sides stand in need of enlightenment.

Achieving this happy state of mind is not easy, but extremely worthwhile, and you can do it by adhering *more* strictly to libertarian principles, not by abandoning them. Read on! Liberals do have a leg to stand on — they just don't know what it is. You can be the one to tell them!

Who is this essay written for? While I'm writing this mostly for self-professed libertarians, I'm also keeping in mind that some readers may be merely curious about libertarianism. By showing the sorts of arguments libertarians make to one another, and focusing on libertarian principles, it is my hope that others may be persuaded that they, too, are libertarians at heart.

Note: In this essay, classical liberals will sometimes be referred to as *libertarians*. Also, the word *land* will occasionally be used in its economic sense, of referring to all natural resources. The phrase *land value tax* will usually be abbreviated as LVT. It is synonymous with "community collection of ground-rent." (To learn exactly what I mean by this, and especially to appreciate its voluntary nature, see p.97, "How would LVT work?") Importantly, the word *monopoly* will be applied to our current system of land ownership, even though there is no "one" (mono) owner. Why this is an appropriate use of the word should become clear in the sections on Mark Twain and Winston Churchill. Finally, the word *geo-libertarian* is often used, and refers to both the "left libertarian" concern for how "the goods" are divvied up (in this case, the earth, i.e., "geo"), and the immense love and admiration most of us who've read Henry George feel

for him and his ideas on land. So, rather than "left libertarians" or "Georgist libertarians," we call ourselves "geo-libertarians."

1

Introduction

The current, mainstream libertarian view regarding land ownership is fatally flawed. The view, embodied in the writings of Murray Rothbard as well as the Libertarian Party's National Platform, is that the first users of land, followed by their assigns or heirs, own the land completely and eternally^{1}. (though I can't say I've heard any of my fellow libertarians offering to return their land to the descendants of Native Americans). More to the point of this essay, most libertarians respond to the idea of a *tax* on land value the same way they respond to the idea of a tax on anything—by, as a friend of mine says, chanting the mantra "taxation is theft." But what if the tax were actually a way of taking *stolen* money and returning it to its *rightful* owners? In that case, it would not be theft, but its prevention. And if that is the case, then the *absence* of such a tax permits a form of theft that is both ongoing and potentially enormous, occurring with the mailing of every rent check, and with every land transaction. And that is precisely the case I hope to make in this essay.

But before we can reasonably talk about the theft of something, we must determine who its rightful owners are. And to do that, we must first talk about the basis of property rights. That will be the subject of the next chapter. For now, let me simply state that the overwhelming majority of libertarian philosophers throughout history have maintained that land —

which no one created, and which is a *sine qua non* of human existence — is a unique type of property, and can be "owned" (free and clear) *only* when as much and as good free land is available to all —the "Lockean Proviso^{2}." But the day has long since passed when land of *any* quality was free for the taking, and most libertarians today are largely unaware of this caveat historically attached to outright land ownership.

Land is like oxygen

To give a sense of the classical liberal view of land, consider an analogy with the liquefaction of atmospheric oxygen. Currently this is done on a minuscule scale, with liquid oxygen being used in medicine and industry. But what if, for example, a group of people began liquefying and storing it *en masse* in order to create an atmospheric shortage (admittedly a farfetched example), so that everyone else would have to pay them for bottled oxygen, just to be able to breathe?



Dilbert reprinted by permission of United Feature Syndicate, Inc.

Throughout history, classical liberals have viewed land the same way you and I view atmospheric oxygen; it's Nature's (or God's) gift to all humanity, and people who'd attempt to grab it all not to use for themselves, but in order to charge others for access to it, would be guilty of the grandest theft.

Just as all people are entitled to the oxygen they're using so long as their use does not infringe on the equal rights of everyone else, so are all people entitled to the land they're actually using, so long as that claim doesn't infringe on anyone else's equal right to the use of land.

This essay represents the culmination of my efforts to explore the roots of the question of how we should "manage" natural resources. Rather than being just a series of linear arguments, it is also partly an anthology, in which I've presented, analyzed and compared the views of libertarian greats throughout history. Thus, much of it is repetitious. But from my experience, the topic is so rich that going over the same ground, but coming from slightly different angles, is instructive, because the ground may seem unfamiliar, and it's only through much thought and many visits that one begins to see it clearly and fully. An example of the topic's richness: it has drastically reshaped my thinking on subjects seemingly unrelated to our system of land ownership, such as minimum wage legislation, and the relative viability of organic vs. factory farming. (Both of these relationships

will be mentioned in this book, though one would have to read carefully to find them.)

2

First Principles

The Libertarian Party bills itself, fairly accurately, as the Party of Principle. In other words, libertarianism is a political and economic philosophy that tries to rely completely upon principle to guide its policy prescriptions, and any reasonable person can, by applying the basic principles in a consistent manner, logically determine what the libertarian position will be on any issue. Therefore, I will begin by stating three intimately related libertarian principles upon which all the arguments in this essay ultimately rest. The definitions are elaborated in ways that should illustrate my geo-libertarian^{3} perspective. The run-of-the-mill libertarian formulations are given first, and geo-libertarian elaborations follow in italics.

Principle 1 is the *right to life*^{4}. This is the same as saying no one has a right to take the life of someone else (except in self-defense). *Since we are land animals, the right to life can have no meaning without a right to land on which to live and from which to make a living. (Note well: this geolibertarian corollary is **not** equivalent to socialistic claims that everyone has a right to food, clothing, shelter, education, health care, etc. The latter are man-made goods, and not gifts of Nature.)*

Principle 2 is *equal freedom for all*. This is the same as saying we all have the right to exercise our faculties to move around and do things, so long as we don't interfere with anyone else's rights. *From this can be derived a corollary right, the right to equal access to the earth.* (Obviously, having a "right" to move around means nothing if one has no right to space in which to move. A more eloquent "derivation" of this, by the 19th century English philosopher, Herbert Spencer, is provided at the beginning of Chapter 3.)

Principle 3 is that of *self-ownership*. This is a renunciation of slavery in any form and in any degree: you own yourself; you are your own master. It naturally follows that you own not only your own body, but all the fruits of your own labor, both mental and physical.

This last principle raises the question of what gives one a right to property in things outside oneself — the fruits of one’s labor. The answer can be found in Principle 2 — equal freedom for all — and its corollary right to access to the earth. The latter isn’t just so one can have space in which to exist, but so that one can *use* the earth to meet one’s needs. This involves transforming some of the stuff of the earth into one’s personal property. *And so long as everyone has equal access to the earth and there’s enough raw material for everyone, no one can legitimately complain. Jefferson referred to this as the right to the usufruct of the earth^{5} — the right both to the use of the earth, and to the fruits of one’s labors thereon.*

The rights of self-ownership and liberty thus lead to what we can call ***the principle of labor-based property***. One’s property is an extension of oneself, which one created by exercising one’s faculties. *A geo-libertarian corollary of this principle is that one cannot monopolize that which no one created; one has no right to more than one’s equal share of the earth (though one may rent the privilege), especially those aspects of it that are scarce and/or capable of being monopolized, such as its landed surface. For that would deny others their equal rights to life and the use of the earth.*

These rights to life, liberty, and (labor-created) property, are three basic principles that all libertarians claim to uphold. But, as we shall see, the Libertarian Party position on land violates all three of these principles and/or their corollaries. The reader is advised to keep these principles firmly in mind while considering the arguments presented here, and to try to identify when each is being used, and whether the writers are being consistent in their application. And, of course, please keep them in mind when examining your own thoughts about this issue! Thoughtful readers may already have noticed that the principles are closely related; for example, if one owns one’s own life (Principle 3), then obviously no one else has a right to take it (Principle 1). And one’s right to life (Principle 1) would be meaningless without the freedom to move around and exercise one’s faculties (Principle 2).

Principles of the Libertarian Party position on land

What principles can be said to underlie the Libertarian Party's current "first user" stance on land and other natural resource ownership? It seems to be a simplistic version of Locke's "mixing of one's labor with the soil"; Locke and other classical liberals placed strict limits on such a mechanism of acquiring landed property, limits that the Libertarian Party position totally ignores. By giving unlimited rein to this process of "mixing one's labor" with natural resources to convert them into one's own property, we have violated the principles of equal freedom (to move about and use the earth) and equal right to life (because that also requires access to the earth).

Stripped of the limitations of the Lockean Proviso, the Libertarian Party view amounts to little more than "First come, first served," or "First dibs!" Its only possible moral basis is that the first claimant may have done more work than others, and since individuals must have the right of exclusive access to land if it is to be used at all, all other things being equal, it might as well belong to the first user.

For example, "first come, first served" makes sense when you're waiting in line for something like theater tickets. Those in line first have been waiting longer. Those at the end of the line wait their turn not just out of habit or fear, but because a) there might be enough tickets for everyone in line, and b) even if not, there'll always be a next time, when *they* are the ones at the front of the line, and they'll want others to obey the rules. But who'd consent to such a rule if there were one and only one performance, the ticket sellers allowed those in line first to buy as many seats as they could and make a fortune scalping them, and the show consisted of life itself, a gift of Nature to which everyone ostensibly has an equal right?

Rights versus privileges

Rights are things you shouldn't have to pay for *per se* (paying for their defense is a separate matter). They're things you already possess by your very nature (e.g., life, and the ability to move around and do things), and others merely have to leave you undisturbed — free — in their exercise. Leaving you alone doesn't cost anyone else any more time and energy than your leaving them alone costs you. Privileges, on the other hand, do entail either time and effort on the part of others, or an infringement of their equal rights, and should be paid for, if allowed at all. (The most well-known

category of privilege remaining in our society is the practice of government licensing of certain professions. And while it's safe to say that most of us libertarians would endorse putting an end to all privilege, the unfortunate fact is that few of us realize that our current system of land tenure is rife with it.) We'll visit this distinction between rights and privileges again, briefly, in the sections on Herbert Spencer and John Stuart Mill, but for now, suffice it to say that if equal access to the earth is a right, then no one should have to pay for it.

Short primer on land economics

Land isn't like other forms of property, such as food, clothing, computers, furniture, etc. Economists refer to these latter items as "moveables" — i.e., things that can be transported. For moveables, being predominantly products of labor, basic economics tells us that, overtime, greater demand generally results in increased supply, thus tending to keep prices fairly stable^{6}. Land, however — especially non-agricultural land — is more of a *place* than it is a thing. It's not man-made, but a gift of Nature whose supply is fixed. And, unlike other of Nature's essential gifts, such as oxygen, land is easily monopolized^{7} once governments exist: one can simply put up a fence, with a sign that says "Private Property! No Trespassing!" (Without government force to back you up, few would recognize your "right" to prevent them from using land that you weren't using.) For all these reasons, when demand for land goes up, its price not only goes up but generally *stays* up.

Another key thing about land (again, speaking mostly of non-agricultural land, i.e., residential, industrial, and commercial land) is that a large part of its value comes not from what has been done with a particular parcel *per se*, but what has been done with surrounding land. (Economists say that these effects are due to "positive spatial externalities" of improvements made to adjacent or nearby land. Negative externalities include things such as pollution and deteriorating buildings.) This feature of land is captured in that old cliché about the three most important things about any piece of real estate: location, location, and location. Thus, part of the value of a parcel of land — in many cases the major part — is created not by its owner, but by the surrounding community.

The factors that give land its value can be grouped into two broad categories that relate to supply and demand: utility, which leads to demand (especially given that land is an absolute necessity); and scarcity of supply. Utility can be broken down into four components.

1. Natural utility (e.g., arable land for farming; a harbor for a seaport; a scenic hilltop for a home; near a confluence of rivers for a city; or simply space in which to exist)
2. Community-created site utility (via taxpayer-funded, government-initiated improvements or services)
3. Individually-created utility added to the individual's own site (e.g., by the building of a house or business)
4. Individually-created utility added to neighboring sites (e.g., the value of living across the street from a well-kept, beautiful home, or of having a retail business next door to a successful business that draws lots of foot traffic)

Utility in and of itself doesn't confer "value" in an economic sense, because for something to have value means that someone is willing to pay for it. Thus, scarcity is required. For example, regarding natural utility, if there were plenty of unclaimed land of equal utility available, people would simply take that land for free. But free land is not only scarce these days, it is non-existent.

The scarcity of land has two components: real and artificial. Real scarcity arises from people actually using the various types of land. Artificial scarcity arises from our treatment of land as individual rather than common property, as it leads to speculation, i.e., people holding land out of productive use, denying others its use^{8}, in the knowledge that in the future someone will likely pay them a lot of money simply to get out of the way. The market in land partly resembles that of "collectibles" such as old Barbie dolls, comic books, baseball cards, etc., in that their supply is strictly limited. Part of the sale price of any of these items consists of what is known as the "speculative premium," the amount of money buyers and sellers expect the price of the collectible to rise.

Utility created by people (numbers 2,3, and 4 above), in contrast to natural utility, is almost *always* in short supply (or, at least, its supply runs shorter

than our desires), is thus always of value, and is properly owned by its creators. If we lived in a Garden of Eden, where a Creator supplied us with all the material goods we could imagine, there'd be no scarcity of anything, and no need to produce or trade anything. The word "economy" would not exist. But the real world is one where, in order to survive, we must expend mental and physical energy shaping Nature to our own ends, and where, ideally, the division of labor and the voluntary exchange of goods and services (i.e., the free market) reign supreme. Scarcity is the anvil on which the hammer of demand (driven by our instinct to survive and procreate) forges value from utility.

Thus, as with other things, the value of land is determined by the dynamics of supply and demand. For example, the supply of harbor-type land is extremely limited, and its utility is high, so that type of land sells for quite a lot. But the most expensive land these days tends to derive the bulk of its value not from such natural utility, but rather from 2 and 4 above, i.e., its proximity to goods and services, such as public transportation, grocery stores, businesses, parks, etc. An acre of well-situated vacant land in downtown New York City or Chicago can easily sell for tens of millions of dollars, many orders of magnitude more than it would sell for if there were no city around it.

By definition, the values derived from 1 through 4 comprise the sale price of the land, along with an adjustment for expectations about future development (the speculative premium). It's not difficult to separate out the values due to 1, 2, and 3. Number 4 is a bit harder, but is also manageable. The mechanics of how this is done will be discussed in a later section ("How would land values be assessed?"). For now, I'll just deal with the moral issue, and assert that the value of 1 properly belongs equally to all citizens, because we all have an equal right to life, and thus to access to the earth, or its equivalent, its natural value. The value of 2 properly belongs to the government entities (composed of individual citizens, i.e., taxpayers) that created it. To the extent that government is wise about its actions, it'll be able to pay for itself out of this fund and maybe have some left over. (Such a surplus could be distributed equally to all citizens, like a "profit-sharing plan," and/or used to provide bonuses to government officials who manage well, similar to the incentive clauses found in the contracts of corporate executives and major league ballplayers.) And, if government

doesn't govern well, it'll be punished with lower income. (Some communities might opt for "reverse incentive clauses," and make their officials personally liable for any deficits their policies create, which would encourage caution in decision-making.) The value derived from 3 and 4 belongs to the individual land users who created it: the value of 3 goes to its owner as either the sale or rental price of his land/building, and the value of 4 should be returned to its owners as land value rebates.

To summarize, the portion of the sale or rental price of land that derives from the gifts of Nature should be distributed equally to all citizens as direct (monthly or annual) payments. That portion derived from taxpayer-funded government services should go to the level of government that created it, and would provide continued funding of those valid government functions that all libertarians can agree upon (e.g., street maintenance, police protection, a judicial system, national defense, etc.). On the other hand, the value of all individually-created land utility belongs exclusively to the owner/developer. There should be no tax levied on buildings or other improvements. That type of taxation unquestionably is theft—confiscation of the fruits of labor. And, individuals should be compensated with a "land value rebate" for value they've added to the community's land. A 100% "tax" on land value, if it is distributed to its rightful owners, is not theft, as many libertarians reflexively claim, but its prevention.

Currently, individual landowners unfairly receive the entire value from all four types of utility in land, which has many harmful consequences aside from the actual theft (these will be discussed later, in "The argument from pragmatism"). And the theft itself is bad enough—with 1, landowners have confiscated Nature; with 2, they've confiscated any value government creates; and with 4, that subgroup of landowners who don't contribute much to site value has stolen part of the fruits of the labor of that other subgroup of landowners who actually *do* put their land to productive use.

If you're with me so far, you're well on the road to becoming a geolibertarian. This form of institutionalized robbery is as hard for most libertarians to see as it is for most non-libertarians to see that income taxes constitute robbery. Just as libertarians see legalized plunder in a tax system which average citizens see as basically fair, geo-libertarians see legalized plunder in a system of land tenure that libertarians see as basically fair.

What a land value tax (LVT) is and is not By "LVT" I mean community collection of the market-driven, yearly rental value associated with a site by virtue of both its intrinsic qualities and its location with respect to other things. LVT is *not* just an arbitrary percentage of the value of land, subject to the whims of municipal officials. Neither is LVT just another way of raising revenue. Because it eliminates any incentive to monopolize natural resources, geo-libertarians view it as a necessary element of any foundation of true economic justice.

Why a tax on land value cannot be passed on to renters or buyers People often think a tax on land values will simply result in landlords charging higher rents, or land sellers holding out for higher sale prices. This cannot occur, however, because neither supply nor demand are changed by the tax, so the price would remain the same, and the entire tax would be borne by the landowners (see the end of the section "Tax cuts won't help...", on p.91, to see how Adam Smith made this point). A more contemporary economist, Paul A. Samuelson, made the same point in his famous textbook, **Economics** (8th edition, 1970), in a section titled "*Henry George's singletax movement: taxation of land 'surplus*" *"Pure land rent is in the nature of a 'surplus' which can be taxed heavily without distorting production incentives or efficiency."* [emphasis his] ... "A tax on fixed land leaves rentals paid by users unchanged but reduces rent retained by landowners." (p. 541). In fact, contrary to one's initial intuition, the marketed supply of land would actually increase somewhat, as speculators would bring into production land currently held idle, resulting in more apartments and homes being built, with prices and rents coming down as a result.

A capsule economic history of the United States

Throughout the 1800s, the U.S. generally protected individual rights to freedom of action and personal property. And, as long as the frontier remained, everyone had some degree of free access to Nature (i.e., the frontier partially mitigated the harm of treating land as purely private property). These three previously-discussed principles, of freedom, property, and access to Nature, together can guarantee economic justice and set the stage for prosperity for all. And our standard of living rose dramatically. But with the closing of the frontier, land monopoly reared its ugly head, and many people had no place left to turn for a fair chance at

making a decent living. But, rather than make a fundamental change in the tax structure so as to open up the earth to all people, we began restricting the freedom of action of businessmen (i.e., regulations on business) and weakening the right to private property (by beginning to tax wages, sales, etc.). With the Progressive Movement, we thus attacked the symptoms, leaving unchecked the root cause of most of our socioeconomic ills.

Land views of classical liberals, contemporary libertarians, and other greats

The land question can be viewed quite simply. If, upon reaching adulthood, one does not have a *right* to land on which to live and from which to make a living, then one has no right to life. **Herbert Spencer** (1820-1903) made this quite clear in his **Social Statics** (1850; Chapter IX, "The Right to the Use of the Earth"), which is one of the most systematic developments of the traditional libertarian viewpoint regarding land.

5. Given a race of beings having like claims to pursue the objects of their desires; given a world adapted⁽⁹⁾ to the gratification of those desires—a world into which such beings are similarly born—and it unavoidably follows that they have equal rights to the use of this world. For if each of them "has freedom to do all that he wills, provided he infringes not the equal freedom of any other," then each of them is free to use the earth for the satisfaction of his wants, provided he allows all others the same liberty. And conversely, it is manifest that no one, or part of them, may use the earth in such a way as to prevent the rest from similarly using it; seeing that to do this is to assume greater freedom than the rest, and consequently to break the law....
6. ... Supposing the entire habitable globe to be...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. They are all trespassers. Save by the permission of the lords of the soil, they can have no room for the soles of their feet...men who cannot "live and move and have their being" without the leave of others cannot be equally free with those others....
7. ... It may by and by be perceived that Equity utters dictates to which we have not yet listened; and men may then learn that to deprive

others of their rights to the use of the earth is to commit a crime inferior only in wickedness to the crime of taking away their lives or personal liberties.

When Spencer wrote about "dictates of Equity," he wasn't talking about a socialistic equality of outcome, but equal freedom for all. And the placement of the word "only" before "in wickedness" in that same, final sentence means it is a crime *not* inferior in *outcome* to the taking of their lives or freedom. (For a long time, I'd somehow assumed the word "only" was intended to *follow* "wickedness.") Neither is his second paragraph above a mere philosophical flourish, devoid of practical meaning. Part of what most of us pay for these days, as either purchasers or renters of land, is the right to exist — the ability to say, "I have a *right* to exist on this very spot of land." This means that the "right" to exist has been transformed into a privilege, and is no longer a right at all. And that portion of our rent that purchases our "right" to live in our own community grows greater with each passing year, just as rent takes an increasingly greater proportion of our income.^{10} Why that is will gradually become clear later, in the sections on Adam Smith, John Stuart Mill, Mark Twain, and Winston Churchill.

Let's now consider another example. Picture a city slum. A plot of land lies idle for years, collecting trash. A man comes along, cleans it, builds on it, and begins using it to produce things people want. In a nearby courtroom, another man waves a piece of paper and gets police to arrest the first man and confiscate the fruits of his labor. Who is behaving criminally, and who is being wronged? As libertarians, we believe that the creator is the owner. But would your opinion be changed by learning that the piece of paper was a land title granted by the State, and the man who waved it was a land speculator, i.e., one who buys land not to use or develop, but as an investment?

Let's see what **John Locke** (1632-1704), the "Father of Property," might have to say about this example (**Second Treatise of Government**, 1690, paragraphs 32 and 31):

As much land as a man tills, plants, improves, cultivates, and can use the product of, so much is his **property**. He by his labour does, as it were, inclose it from the common... The same law of nature, that does by this means give up property, does also **bound** that **property** too.... As much as any one can make use of to any

advantage of life before it spoils, so much he may by his labour fix a property in; whatever is beyond this, is more than his share, and belongs to others.

Locke, apparently, would *not* side with the speculator, since the land in question was not being used. It's not a black and white issue, though, for who's to say what constitutes "making use" of land? (More on that later, in the "Anti-Rothbard" section, p.79.)

Thomas Paine (1737-1809), in his tract entitled **Agrarian Justice** (1795), bypassed such considerations by offering a simple solution to the problem of how to utilize the earth fairly.

It is a position not to be controverted that the earth, in its natural uncultivated state was, and ever would have continued to be, *the common property of the human race*. In that state every man would have been born to property....But the earth in its natural state...is capable of supporting but a small number of inhabitants compared with what it is capable of doing in a cultivated state. And as it is impossible to separate the improvement made by cultivation from the earth itself, upon which that improvement is made, the idea of landed property arose from that inseparable connection; but it is nevertheless true, that it is the value of the improvement only, and not the earth itself, that is individual property. Every proprietor, therefore, of cultivated land, owes to the community a *ground-rent* (for I know of no better term to express the idea) for the land which he holds... [emphasis his]

Paine then proposed to collect the rent nationally and distribute a small sum to everyone when they reach the age of 21, along with a yearly payment to those who've reached the age of 50, to cover their retirement. By this means of payment to the community, it would be rendered a matter of no concern to others what "use" anyone makes of his land (so long, of course, as that use does not pollute or otherwise damage his land or anyone else's).

Adam Smith (1723-1790), in **Wealth of Nations**, reached a similar conclusion regarding the community collection of ground-rents, on both moral and practical grounds.

The rent of land...is naturally a monopoly price. It is not at all proportioned to what the landlord may have laid out upon the improvement of the land, or to what he can afford to take; but to what the farmer can afford to give. (*Book I, Chapter xi, section a, paragraph 5*)

Ground-rents.. are a species of revenue which the owner, in many cases, enjoys without any care or attention of his own. ... Ground-rents...are, therefore, perhaps,

the species of revenue which can best bear to have a peculiar tax imposed upon them....

Ground-rents, so far as they exceed the ordinary rent of land, are altogether owing to the good government of the sovereign^{11}... Nothing can be more reasonable than that a fund which owes its existence to the good government of the state, should be taxed peculiarly...towards support of the government....

Though, in many different countries of Europe, taxes have been imposed upon the rent of houses, I do not know of any in which ground-rents have been considered as a separate subject of taxation. The contrivers of taxes have, probably, found some difficulty in ascertaining what part of the rent ought to be considered as ground-rent, and what part ought to be considered as building rent. It should not, however, seem very difficult to distinguish those two parts of the rent from one another. (*V.ii.e.10-12*)

Clearly, Adam Smith thought that community collection of ground-rents to pay for government services was both reasonable and proper. Other famous libertarians were of like mind. Consider the following.

John Stuart Mill (1806-1873) got right to the heart of the matter by clearly establishing the moral basis of property rights, and pointing out the uniqueness of property in land (**Principles of Political Economy, 1848**):

The essential principle of property being to assure to all persons what they have produced by their labor and accumulated by their abstinence, this principle cannot apply to what is not the produce of labor, the raw material of the earth.... it would be the height of injustice, to let the gift of nature be engrossed by individuals. (*Book II, Chapter II, section 5*)

Whenever, in any country, the proprietor, generally speaking, ceases to be the improver, political economy has nothing to say in defence of landed property... In no sound theory of private property was it ever contemplated that the proprietor of land should be merely a sinecurist quartered on it.... When the "sacredness of property" is talked of, it should always be remembered, that any such sacredness does not belong in the same degree to landed property. No man made the land. It is the original inheritance of the whole species.... It is no hardship to any one to be excluded from what others have produced... But it is some hardship to be born into the world and to find all nature's gifts previously engrossed, and no place left for the new-comer. ... To me it seems almost an axiom that property in land should be interpreted strictly, and that the balance in all cases of doubt should incline against the proprietor. The reverse is the case with property in moveables, and in all things the product of labor: over these, the owner's power both of use and of exclusion should be absolute... To be allowed any exclusive right at all, over a portion of the

common inheritance, while there are others who have no portion, is already a *privilege*. No quantity of moveable goods which a person can acquire by his labour, prevents others from acquiring the like by the same means; but from the very nature of the case, whoever owns land, keeps others out of the enjoyment of it. The *privilege*, or monopoly, is only defensible as a necessary evil... When land is not intended to be cultivated, no good reason can in general be given for its being private property at all... (II. II.6) [emphasis mine]

Mill hits the nail on the head here, and shows why the Libertarian Party position on land ownership is wrong. It's a denial of the rights of some and the granting of essentially free, special privileges to others.

The ordinary progress of a society which increases in wealth is at all times tending to augment the incomes of landlords; to give them both a greater amount and *a greater proportion of the wealth of the community*, independently of any trouble or outlay incurred by themselves. They grow richer, as it were in their sleep, without working, risking, or economizing. What claim have they, on the general principle of social justice, to this accession of riches? ... I see no objection to declaring that the future increment of rent should be liable to special taxation; in doing which all injustice to the landlords would be obviated if the present market price of their land were secured to them. (VII.5)

...land-tax...ought not to be regarded as a tax, but as a rent-charge in favour of the public... (VII.6)

A key point that Mill recognized (highlighted portion above — my emphasis), but that most people do not, is that ground-rents tend continually to consume a greater and greater proportion of our increasing productivity. Why? Because as we exceed the baseline amount of wealth necessary to maintain our existence, we are increasingly able to compete with one another to rent apartments or to buy or lease land. Rents rise because people can afford it (Smith, Twain and Churchill make this point as well), while items not subject to natural monopoly do not (in fact, consumables tend overtime to decrease in price, as production methods continually improve). Thus, landlords tend to pocket most of *any* general increase in people's wealth (such as would arise from the abolition of the IRS and the federal income tax, as advocated by all libertarians — see p.91, "Tax cuts won't help..."). This point is made quite clearly by the next author.

Mark Twain (Samuel Clemens, 1835-1910), although not known for political writings, and not generally recognized as a libertarian, nevertheless wrote from a deep sense of justice, and is widely considered to be one of

America's most brilliant writers ever. He wrote a wonderfully cynical, short essay entitled "*Archimedes*," in which he lambastes unencumbered land ownership, demonstrating how such a system enslaves the majority of mankind. (He was a friend of Henry George, and this essay was originally published in the newspaper that Henry George edited, *The Standard*, on July 29, 1889.) It can be accessed on the Web site of the Henry George School of New York (gopher://echonyc.com/lls/Cul/HGS). Here is a portion of it. (Note: Archimedes is often credited with inventing a screw-type water pump, and for saying that, given a lever long enough and a place on which to stand, he could move the earth itself.)

...The force of land monopoly...is a screw and lever all in one; it will screw the last penny out of a man's pocket, and bend everything on earth to its own despotic will. Give me the private ownership of all the land, and will I move the earth? No; but I will do more. I will undertake to make slaves of all the human beings on the face of it. Not chattel slaves exactly, but slaves nevertheless. What an idiot I would be to make chattel slaves of them. I would have to find them salts and senna when they were sick, and whip them to work when they were lazy.

No, it is not good enough. Under the system I propose the fools would imagine they were all free. I would get a maximum of results, and have no responsibility whatsoever. They would cultivate the soil; they would dive into the bowels of the earth for its hidden treasures; they would build cities and construct railways and telegraphs; their ships would navigate the ocean; they would work and work, and invent and contrive; their warehouses would be full, their markets glutted, and the beauty of the whole concern would be that everything they made would belong to me.

It would be this way, you see: As I owned all the land, they would of course, have to pay me rent. They could not reasonably expect me to allow them the use of the land for nothing. I am not a hard man, and in fixing the rent I would be very liberal with them. I would allow them, in fact, to fix it themselves. What could be fairer? Here is a piece of land, let us say, it might be a farm, it might be a building site, or it might be something else — if there was only one man who wanted it, of course he would not offer me much, but if the land be really worth anything such a circumstance is not likely to happen. On the contrary, there would be a number who would want it, and they would go on bidding and bidding one against the other, in order to get it. I should accept the highest offer — what could be fairer? Every increase of population, extension of trade, every advance in the arts and sciences would, as we all know, increase the value of land, and the competition that would naturally arise would continue to force rents upward, so much so, that in many cases the tenants would have little or nothing left for themselves.

In this case a number of those who were hard pushed would seek to borrow, and as for those who were not so hard pushed, they would, as a matter of course, get the idea into their heads that if they only had more capital they could extend their operations, and thereby make their business more profitable. Here I am again. The very man they stand in need of; a regular benefactor of my species, and always ready to oblige them. With such an enormous rent-roll I could furnish them with funds up to the full extent of the available security; they would not expect me to do more, and in the matter of interest I would be equally generous.

I would allow them to fix the rate of it themselves in precisely the same manner as they had fixed the rent. I should then have them by the wool, and if they failed in their payments it would be the easiest thing in the world to sell them out. They might bewail their lot, but business is business. They should have worked harder and been more provident. Whatever inconvenience they might suffer, it would be their concern, and not mine. What a glorious time I would have of it! Rent and interest, interest and rent, and no limit to either, excepting the ability of the workers to pay. Rents would go up and up, and they would continue to pledge and mortgage, and as they went bung, bung, one after another, it would be the finest sport ever seen. Thus, from the simple leverage of land monopoly, not only the great globe itself, but everything on the face of it would eventually belong to me. I would be king and lord of all, and the rest of mankind would be my most willing slaves.

...The hell of poverty...is a whip more effective by far than the keenest lash of the chattel slave owner... What a beautiful arrangement—ambition urging in front, want and the fear of want bringing up the rear! ...

Our current land tenure system is worse than a pure monopoly One truly brilliant aspect of Twain's example, and one that can easily go unappreciated, is that, as the earth's sole landlord, who'd ***accept*** the highest rental bid for any parcel of land, he'd be acting ***better*** than our current collection of landlords, because they, in many cases, are extremely wealthy speculators (such as media mogul Ted Turner) who regard land as an ideal long-term investment. As such, they will not sell their land, nor rent it, at nearly ***any*** price, thus depriving humanity of the use of desirable land, and increasing the competition for that which remains. Twain's landlord is no speculator.

Therefore, please do not say that land monopoly does not exist, and that we currently have a free market in land. Our situation is ***worse*** than the type of pure monopoly portrayed by Twain.

Thomas Jefferson (1743-1826), a veritable icon of the modern libertarian movement, was acutely aware of the injustice and social ills caused by land monopoly. The following is from a letter to James Madison, written from Fontainebleau, France, and dated October 28th, 1785.

The property of this country is absolutely concentrated in a very few hands, having revenues of from half a million of guineas a year downwards. These employ the flower of the country as servants, some of them having as many as 200 domestics, not laboring. They employ also a great number of manufacturers and tradesmen, and lastly the class of laboring husbandmen. But after all there comes the most numerous of all classes, that is, the poor who cannot find work. I asked myself what could be the reason so many should be permitted to beg who are willing to work, in a country where there is a very considerable proportion of uncultivated lands? These lands are undisturbed only for the sake of game. It should seem then that it must be because of the enormous wealth of the proprietors which places them above attention to the increase of their revenues by permitting these lands to be labored. I am conscious that an equal division of property is impracticable, but the consequences of this enormous inequality producing so much misery to the bulk of mankind, legislators cannot invent too many devices for subdividing property...

[He then suggests ending the practice of primogeniture and instituting progressive taxation of land.]

Whenever there are in any country uncultivated lands and unemployed poor, it is clear that the laws of property have been so far extended as to violate natural right. The earth is given as a common stock for man to labor and live on. If for the encouragement of industry we allow it to be appropriated, we must take care that other employment be provided to those excluded from the appropriation. It is too soon yet in our country to say that every man who cannot find employment, but who can find uncultivated land, shall be at liberty to cultivate it, paying a moderate rent.

But it is not too soon to provide by every possible means that as few as possible shall be without a little portion of land. The small landholders are the most precious part of a state.

The Articles of Confederation Given the views of Jefferson and Paine, it is not surprising that the original constitution of the United States of America, The Articles of Confederation (proposed by Congress, November 15, 1777; ratified March 1, 1781), specified a tax on real estate as the only means of funding the federal government. (Unfortunately, they included buildings and other improvements in the assessment, in addition to land

value. Collection was left up to the individual states, which failed for a variety of reasons to make good their obligations.)

Article VIII: All charges of war, and all other expences that shall be incurred for the common defence or general welfare, and allowed by the united states in congress assembled, shall be defrayed out of a common treasury, which shall be supplied by the several states in proportion to the value of all land within each state, granted to or surveyed for any Person, as such land and the buildings and improvements thereon shall be estimated according to such mode as the united states in congress assembled, shall from time to time direct and appoint.

I'd love to know the evolutionary history of this provision, and more especially the discussions that took place when it was scrapped for the current U.S. Constitution. Undoubtedly the landed interests and land speculators weighed heavily against it, and in favor of tariffs and a head tax, but I've never seen a treatment of this most interesting subject.

Henry George (1839-1897), an American social and economic philosopher, wrote the greatest selling economics book in history — *Progress and Poverty* (1879)^{12} — and inspired the once-famous "Single Tax" movement of the late 19th and early 20th century. During his time, his movement was so successful that the Catholic Church felt threatened enough (for a variety of reasons) to excommunicate a popular and fiery priest who advocated George's ideas, and to publish an encyclical letter, *Rerum Novarum* (*On the Condition of Labor*, Pope Leo XIII, 1891) defending the status quo regarding land ownership, that can best be described as a second-rate hit piece. (For a fascinating account and analysis of this affair, see Mason Gaffney's short essay entitled *Henry George, Dr. Edward McGlynn, and Pope Leo XIII*.) While George and his ideas are unknown to most present-day libertarians, he was given considerable space in Charles Sprading's classic 1913 anthology, *Liberty and the Great Libertarians*.

The following quote is from p. 146 of Henry George's **Social Problems** (1882):

...the 'iron law of wages,'... which determines wages to the minimum on which laborers will consent to live and reproduce...is manifestly an inevitable result of making the land from which all must live the exclusive property of some. The lord of the soil is necessarily lord of the men who live upon it. They are as truly and as

fully his slaves as though his ownership in their flesh and blood were acknowledged.

A few years ago I would have exploded at George's statement. "No," I'd say, "they're not slaves! They can start up their own company if they want to!" But let's say a group of such "wage slaves" at a steel mill decided to get together and actually compete with their current employer. Under our present system of natural resource ownership, even if they could attract the necessary capital, the owners of vacant land and untapped mineral deposits (coal and iron ore) would be under no obligation to sell at *any* price, especially not to a potential competitor (smart corporate executives usually try to monopolize the natural resources in their industry). And if other "wage slaves," such as they, were also bidding on the natural resources, including land, the prices would be high enough to seriously cripple their efforts. (In such a payment for access to natural resources, we see the fruits of labor flowing from those who work to those who possess a state-granted monopoly.) How free are the workers in such a situation? Free merely to choose their masters, because they essentially have no access to Nature's bounty.

Playground analogy But what right does one person have to tell another that any particular spot of the earth, which isn't being used, is off-limits? It's like a child who shows up at a playground one morning, is the first one in the sandbox, and tells other children who come by that it's all his because he got there first. If he's real smart, he might even try to charge them an admission fee — say, part of their lunch — to play in it. But the right thing would be for some adult to come along and say, "No, it's *not* all yours! If someone else wants to play in it, you only get to play in half. If a third person shows up, you only get a third. And so on!"

Obviously, though, an adult world and a free market could not operate with so restrictive a solution. Said Henry George:

It is not necessary, in order to secure equal rights to land, to make an equal division of land. All that is necessary to do is to collect the ground-rents for the common benefit. Nor...is it necessary that the state should actually take possession of the land and rent it out from year to year...as some ignorant people suppose. It can be done in a much more simple and easy manner by means of the existing machinery of taxation. All it is necessary to do is to abolish all other forms of taxation until the weight of taxation rests upon the value of land irrespective of

improvements,^{13} and take the ground-rent for the public benefit. In this simple way, without increasing governmental machinery, but, on the contrary, greatly simplifying it, we could make land common property. And in doing this we could abolish all other taxation..." (Social Problems, p. 208).

More of George's ideas and writings will be presented in following sections (e.g., the section on Albert Jay Nock). But there's probably no substitute for reading his work firsthand, as it is the most comprehensive and masterful treatment of the subject. Personally, I found his **Progress and Poverty** (1879) to be, without question, the most important, astonishing, moving, and opinion-altering book I've ever read. (Lord Alfred Russel Wallace, codiscoverer of the theory of evolution by means of natural selection, called it "the most important book of the century," thus placing it above even Darwin's **On the Origin of Species**.) But there's no point quoting George at great length here, as the main focus of this essay is to make other libertarians aware that most *other* classical liberals, many current economists, and even some widely regarded present-day libertarians, are in agreement with him.

Ayn Rand (1905-1982) is one of the intellectual inspirations of the modern libertarian movement, but her views on the land question are, unfortunately, contradictory. She maintained that uncreated land claimed by an individual first user *should* be treated as that individual's private property forever, but that creations of an individual's intellect should *not* be. (One would think that the reverse would be more appropriate.) For example, in "The Property Status of Airwaves" (Chapter 10 in **Capitalism: The Unknown Ideal**) she comes down clearly on the side of treating land as completely private property, with "first use" being the hallmark of ownership, much like the current Libertarian Party Platform. For example, she states that ownership of the airwaves (broadcast spectrum) is no different in principle from ownership of land, and that "*if you want to make a limited' resource available to the whole people, make it private property and throw it on a free, open market.*" Her implicit endorsement of purely private property in land is therefore clear.

But in Chapter 1 of the same book, entitled "*What Is Capitalism?*", she took pains to distinguish between natural resources and man-made goods, italicizing the phrase "industrial plants" from the **Encyclopedia Britannica**'s article on capitalism, when it was listed along with land and

mines as "non personal means of production" or "capital." Apparently she recognized, at least during the writing of this essay, a meaningful difference between land and minerals, on the one hand, and industrial plants, on the other.

Similarly, in the book's appendix, entitled "*Man's Rights*," she argued against the 1960 Democratic Party Platform's proclamation of "rights" to man-made goods and services as follows:

Jobs, food, clothing, recreation (!), homes, medical care, education, etc., do not grow on trees. These are man-made values — goods and services produced by men. Who is to provide them? If some men are entitled by right to the products of the work of others, it means that those others are deprived of rights and condemned to slave labor.

But what importance might she attach to this distinction between man-made goods and things that "grow on trees"? We cannot conclude that she felt things in this latter category should be considered in any way common property. Had she been pressed on the point, she might, for example, have replied that while the creator is the proper owner of man-made goods, the sole prerequisite for ownership of uncreated, natural resources is first use. She studiously avoided the question of the morality or immorality of individuals claiming exclusive ownership of natural resources when they do so in a monopolistic way that infringes on the equal rights of others. She apparently thought the market would weed out monopolists and other non producers (from Chapter 10, regarding owners of the broadcast spectrum):

The fact that the number of available frequencies was limited would have served, not to entrench the original owners, but to threaten their hold, if they did not make the best economic use of their property... With a limited supply and a growing demand, competition would have driven the market value of a radio (and later, TV) station so high that only the most competent men could have afforded to buy it or to keep it; a man, unable to make a profit, could not have long afforded to waste so valuable a property.

Here she ignores the obvious fact, recognized by Jefferson in France (see his earlier quote), that those in control of limited resources are precisely those who *can* afford to hang onto their property without being efficient businessmen.

Ayn Rand's endorsement of land as private property is indirectly contradicted by her views on intellectual property rights (**Capitalism: The Unknown Ideal**, Chapter 11 — "Patents and Copyrights"):

The right to intellectual property cannot be exercised in perpetuity. Intellectual property represents a claim, not on material objects, but on the idea they embody, which means: not merely on existing wealth, but on wealth yet to be produced — a claim to payment for the inventor's or author's work.

But do not land rents and prices represent claims, exercised in perpetuity, on the productivity of the land's future users?

No debt can be extended into infinity.

But if we cannot owe someone in perpetuity for his own mental creation, how can we allow a perpetual debt to be owed to the appropriators, and the heirs of appropriators, of Nature's creation?

...But intellectual property cannot be consumed.

Neither can land.

If it were held in perpetuity, it would lead to the opposite of the very principle on which it is based: it would lead, not to the earned reward of achievement, but to the unearned support of parasitism. It would become a cumulative lien on the production of unborn generations, which would ultimately paralyze them.

(See the section "Clans A and B," p.77, for a description of just how paralyzed future generations might be by our current system of land tenure.)

... Consider what would happen if, in producing an automobile, we had to pay royalties to the descendants of all the inventors involved, starting with the inventor of the wheel and on up. Apart from the impossibility of keeping such records, consider the accidental status of such descendants and the unreality of their unearned claims.

Again, does not this unearned, accidental status attach more deservingly to descendants of landowners?

... It is in this issue that our somewhat collectivist terminology might be misleading: on the expiration of a patent or copyright, the intellectual property involved does not become 'public property' (though it is labeled as 'in the public domain'); it ceases to exist **qua** property.

Just as uncreated land should never be considered as ‘property,’ but, as Jefferson said, something which everyone has the right to use and enjoy the fruits thereof (the usufruct of land).

And if the invention or the book continues to be manufactured, the benefit of that former property does not go to the ‘public,’ it goes to the only rightful heirs: to the producers, to those who exercise the effort of embodying that idea in new material forms and thus keeping it alive.

Just as all the rewards of land users should go to them, and not to those who hold a state-granted ‘land title’ in perpetuity.

Another insight into Ayn Rand’s specific views on land were recently revealed in a brief memoir by John Hospers, entitled "Memories of Ayn Rand" (from *Full Context: An International Objectivist Publication*, May 1998). Hospers relates a phone conversation they had in 1961, shortly after he’d written to her asking about the case of Peruvian peasants who were forced to farm inhospitable land up in the Andes, while the wealthy Spanish descendants of the Conquistadors allowed their large tracts of low-lying, fertile land to lie fallow.

"Shouldn’t those large idle tracts be forcibly divided," I asked, "so that the native Indians would have a chance to survive?"

Hospers was arguing, implicitly, from our earlier-mentioned principles of equal rights to life, freedom, and the use of the earth.

"No!" Ayn exclaimed so loudly that I could hear the microphone rattle. "They can sell it off piece by piece until everyone has something!" she said.

She felt that the market would solve everything.

"But they choose not to do that — they want to hold on to these unused lands as a matter of personal prestige. They don’t care about economic development or the condition of the Indians."

Again, much as Jefferson surmised that the landed aristocrats in France were so wealthy that they didn’t have to care about their land’s productivity, nor about the fate of the peasants who wished to work but had no jobs or access to land, so they could work for themselves.

"After the war, MacArthur divided up the feudal estates in Japan in that way, and opened Japan up to democracy." But Ayn would have none of it: "That's land redistribution!" she said. "Coming from the Soviet Union, do I have to tell you about the evils of compulsory land distribution? You have been perverted by utilitarianism!" That stopped me. But I still wasn't convinced....

It seems to me that Rand was either never exposed to the classical liberal view about land ownership, or that she dismissed it out of hand. She seems never to have considered a middle ground between purely private and purely public property in land.

The Bible I can't help but follow atheist Ayn Rand's perspective with a biblical one. (And, whether or not one believes in God, and whether or not one accepts the Bible as a divine document, much of it is based on long years of hard experience, and it has much to tell us even as a secular document.) The Jewish and Christian religions are very much in line with traditional libertarian thinking on land, treating it as something we are meant to steward, rather than own. In the Old Testament, it was decreed that the land should be returned to the original possessor or his heirs every fiftieth year (the "year of Jubilee"), so that everyone would have roughly the same amount, and no source of permanent inequality would become institutionalized.

Moses

And ye shall hallow the fiftieth year, and proclaim liberty throughout all the land unto all the inhabitants thereof: it shall be a jubile unto you; and ye shall return every man unto his possession. (*Leviticus 25:10*; King James version)

The land shall not be sold forever: for the land is mine; for ye are strangers and sojourners with me. (*Leviticus 25:23*)

Jesus In the New Testament, the parable of the talents (*Matthew 25:14-30*) may be relevant. A rich man, who had traveled away from home, rewarded those of his servants who'd stayed home and invested his money (talents) wisely in earning more money (i.e., analogously to someone using the land productively). On the other hand, he took back the single talent he'd given a servant who'd buried it (i.e., analogously to someone who keeps land idle), and gave it to those who were productive.

For a thorough treatment of Georgist congruence with Christianity and Judaism, I highly recommend Andelson and Dawsey's **From Wasteland to Promised Land: Liberation Theology for a Post-Marxist Era**. It contains a wealth of data about the history of land reform efforts in Central and South America, and presents a penetrating analysis of Christianity, Latin American-style.

Frederic Bastiat (1801-1850), a French economist who battled the socialists of his day, is another writer held in high esteem by libertarians. The following quotes are taken from a July, 1848 series of newspaper columns (or "letters") he wrote in response to a debate in the French National Assembly about a new, so-called "right" to employment. The following quote is from the third of these letters, which collectively form a chapter entitled "Property and Plunder" in a compilation of his essays (**Selected Essays on Political Economy**):

...as long as there is an abundance of uncultivated land in a country, the balance between reciprocal services [between laborers and landowners] will be maintained, and the landowners will be unable to enjoy any exceptional advantage. It would not be thus if the landowners succeeded in forbidding all new land-clearing. In that case, it is quite clear that they would be in a position to impose their own terms on the rest of the community.

He then refers to such a prohibition on the homesteading of unused land as "iniquitous." What would he say about the millions of acres of land in the U.S. that are held, unused, by speculators, purely for investment purposes?

Later on, analyzing the case where all of one island's land is privately owned, but a second island is discovered which is partly uncultivated, he writes the following:

But if, usurping the legislative power, the landowners prevent the proletarians from working for outsiders [those on the second island], then...they oppress others. They do what all licensed monopolists do, and as the landowners who prohibited new clearings did: they introduce into society a cause of inequality and poverty; they pervert the ideas of justice and property; they dig an abyss under their own feet.

Finally, in closing out this section, he states:

The right that must be demanded, because it is incontestable, inviolate, and sacred, is the **right to employment** in the true sense of the term, i.e., freedom, the right to

ownership, not of the soil only, but of one's labor, one's intelligence, one's faculties, one's person.... landed property is not a privilege; it is, like any other freedom, only man's **right to the fruits of his own labor.**" [underlining mine]

I do not wish to give the impression that Bastiat is in 100% agreement with the other classical liberals on this point, though, because he has been dragged there kicking and screaming. In his first letter, he set himself up in opposition to the notion that land rent contains any "unjust payment...not for a personal service, but for the gratuitous gifts of Nature." (He mentions that this is indeed the stated view of Adam Smith and David Ricardo, among other noted economists.) Not true, says Bastiat, so long as *some* good land, *somewhere*, remains free (freely available for anyone to use), and we are free to travel to that land, or to trade with people of that land, tariff free. To reach this conclusion, however, *one must completely ignore the often considerable cost of transporting ourselves and/or our goods.* He saw the United States as an area where land was freely available, and consequently seems to have viewed *all* land as essentially un-monopolized. And so he focused on ending tariffs and the other foibles of Big Government. Consistent with this interpretation of his position, Bastiat mentioned (toward the end of the fourth letter) the same co-existence of dire poverty amidst spectacular opulence that inspired Henry George's **Progress and Poverty**, but again laid the blame entirely on Big Government (licensing requirements, tariffs, taxation, regulations, bureaucracy, i.e., the usual suspects).

One of the intellectuals he was debating was Victor-Prosper Considerant (1808-1893), who responded in witty fashion to Bastiat's critique. (For example, he felt Bastiat had, in trying to summarize his views, put words in his mouth, and replied thusly: "*I, for my part, do not believe, and I do not even believe that I seem to believe, anything of the kind.*") I find myself liking Considerant very much, and find nothing in his statements that warrants Bastiat calling him a socialist, although he may have been^{14}. Their repartee makes for amusing, as well as informative, reading. Considerant had made the very modest claim that industrialized society owed all people at least the same standard of living as they could achieve as savages with natural access to land for hunting, fishing, herding, etc. Bastiat replied that they got a much better standard of living as it is, and seemed to consider that the end of the matter (see the end of his first letter), as if all

advances in productivity could rightfully be claimed by landowners rather than the innovators or the community as a whole, and anything more than a savage's standard of living was a worker's unearned bonus! In Bastiat's defense, these were, after all, only newspaper columns, and he probably didn't have much time to reflect on them. And, sadly, he died not long thereafter (1850).

Thus, although he was reluctant to give ground to those, such as Considerant, who focused on land monopoly rather than government oppression as a source of injustice, I think it fair to place Bastiat near, if not in, the pro-LVT camp, where Locke, Smith, Paine, Jefferson, Mill, Spencer, George and the rest clearly reside. Only Murray Rothbard, and some other members of the Austrian school (of Economics — see the sections on Ludwig von Mises and Friedrich Hayek below), lie in opposition. (As we saw earlier, Ayn Rand was somewhat schizophrenic on this subject, seeming to be in both places. Also, see Dan Sullivan's analysis of the economics of Galt's Gulch as a Single Tax community, in his "Royal Libertarian" essay.)

Another French libertarian writer, a political philosopher, and much more recent than Bastiat — **Bertrand de Jouvenel** (1903-) — also weighed in on the side of treating land as fundamentally different than labor-created property (although he addressed it only in a footnote). De Jouvenel was given space in David Boaz's **The Libertarian Reader**, so his libertarian credentials are well recognized. The following selection is taken from Chapter 9 of his 1957 book, **Sovereignty**. The chapter is titled "Justice," and the section, "The share-out of the fruits within the team." "The team" refers to any group of people who are collectively engaged in entrepreneurial activity. The section deals with the natural, voluntary social forces at play, that tend to level out inequalities in pay arising from the different amounts of talent people have. (One such force is a feeling of comradeship, which would tend to make the team members feel that large differences in pay were unfair.) The footnote mentions inequalities that are not natural, and he takes care to distinguish these improper (unjust) inequalities from proper ones.

It should, however, be mentioned that social arrangements may be such as to introduce inequalities which are not the natural result of the process of creation of resources. This is what happens when social elements allot themselves, or get

themselves allotted, important blocks of resources either because of the power they wield or in consideration of services which they are thought to render but do not render—or no longer render effectively. This is the phenomenon to which the word ‘exploitation’ is properly applicable...This phenomenon has played a large part in social history, where the inequalities created by it tend to be perpetuated almost indefinitely when the resulting privileged positions have taken the form of concrete rights over natural resources. Thus we see that rights created in the Middle Ages have governed down to our time the possession of certain lands on which stands the City of London. The example evokes the possibility of like effects resulting from the direct appropriation of natural resources, as in the case of the land on which Manhattan stands. Here we have causes of inequalities of a non-structural kind, in which the intervention of authority is not illegitimate.

Albert Jay Nock (1872 or 3-1945) authored one of the classics of 20th century libertarianism — **Our Enemy, The State** (1935). An introduction (by Walter Grinder) states the following:

Nock was quite influenced by the economic and land theories of Henry George and Theodore Hertzka. Some would say that these peculiar land ideas are absolutely essential to the thesis of Nock’s essay, and that they are also essential for gaining a proper understanding of Nock’s basic ideas on political economy.... Nock definitely thought that it did. ... Nock has been rediscovered by young libertarians mostly through the works and urgings of Murray N. Rothbard. While Rothbard is not strictly speaking a Nockian, the ideas of both Nock and Chodorov play a very important role in Rothbardian libertarianism. As Rothbard sees it, he has rescued Nock’s political philosophy from its contradictory Georgist underpinnings and has given it a sound foundation by replacing the Georgism with the "Austrian" economics of Ludwig von Mises and Friedrich A. Hayek.

But who is contradictory? Everyone else, or Rothbard and the Austrian School? See below.

Nock’s view of George’s ideas about land are, as Walter Grinder said, quite definite. To show Nock’s sense of the central importance of George’s ideas, consider the following, from Nock’s **Henry George: An Essay** (1939), p. 115, [speaking about George’s monumental work, **Progress and Poverty**]:

...it is the only book of which the author could say after eighteen years of white-hot controversy, that he had not seen a single objection to any position taken in the book which had not been fully met and answered in the book itself. Its reasoning has never been successfully impugned, and its economic premises are of course beyond question; they are a matter of common observation, common knowledge. Count Tolstoy said most truly that "*people do not argue with the teaching of*

George; they simply do not know it: and it is impossible to do otherwise with his teaching, for he who becomes acquainted with it cannot but agree."

While Nock considered George "the real thing" (p. 127, **Memoirs of a Superfluous Man**), it would be misleading to leave the impression that he thought George's prescription practical (p. 128):

Although I was, — and am, — a firm believer in George's philosophy and fiscal method, I decided that if progressive evolution was to make them practicable in fifty thousand years, it would have to step a great deal livelier than there was any sign of its doing.

Nock's pessimism regarding the intellectual and moral capacities of the masses led him to think that getting any government bureaucracy to function as intended would require "a society of just men made perfect," presumably because he hadn't conceived of a way in which to bring market pressure effectively to bear on such an institution. (But see the section "How would LVT work?" that begins Chapter 5.)

Nock's view of the land question, and his appreciation of the views of Jefferson and Paine, are clearly stated in **Henry George: An Essay**.

[summarizing George's view] Man is a land animal; he derives his sustenance only from the land; and if he be deprived of access to land, he perishes. Land is one of nature's free gifts, and each one has a right to the use of so much of it as may be needful for supplying all the wants of his existence, in so far as is consistent with maintaining the equal rights of others. The right to property in land differs wholly from the right to labour-made products, inasmuch as land is not a product of labour, (p. 103)

In America, the doctrine that the earth belongs only "in usufruct" to those who live on it, had long since been laid down by Mr. Jefferson; a doctrine which he said, "I suppose to be self-evident." Paine elaborated it as George did, drawing the same distinction between law-made property and labour-made property; and instead of George's ambiguous phraseology about "land-taxation" and charging "the expense of government upon our lands," Paine introduced the clear and correct term "ground-rent"; and instead of incurring the confiscatory implications of George's word "tax," he puts it precisely that ground-rent is a debt which every landed proprietor owes to the community, thus leaving clear the distinction between taxing (which in theory may or may not bear on production^{15} but in practice invariably does) and rent-collecting, which does not bear on production. George was vaguely aware of some such distinction, and felt for it fumblingly and in many words; Paine put it clearly in two dozen words, (p. 105)

The most recent well-known libertarian to have extensively praised the concept of community collection of ground-rent was Nock's partner in reviving and editing *The Freeman*, **Frank Chodorov** (1888-1966). Also known as a die-hard individualist, his first book had the amusing title, **One is a Crowd: Reflections of an Individualist**. After having been inspired by reading Henry George's **Progress and Poverty**, he went on to lecture at, and eventually direct, the Henry George School of Social Science in New York City. Interestingly, he was forced to resign that position during World War II, due to his outspoken opposition to U.S. involvement in that war. This selection is taken from another of his books, **The Rise and Fall of Society** (pp. 104-109). I include the wonderful first paragraph to demonstrate his libertarian credentials to those unfamiliar with his writings, and because it sets up the distinction he later makes between taxation and rent collection. Also, because it is so wonderfully written.

State power is in direct proportion to State income. The more money the State has to do with, the more it will do; it is incapable of inhibiting its passion for power. A tax is a compulsory transfer of property from the producer to the ruler, and with the transfer goes the privilege of disposition. Even though the disposition of tax funds is circumscribed by law, it is still the State, not the original owner, who makes decisions. The higher the tax the narrower the scope of the producer's choices, and if all his earnings are taken from him — the Communist's program — he becomes completely dependent on the will of the legalized spender, even in the manner of how he shall live. Thus, the freedom of the individual is commensurate with the amount of his property he is able to dispose of, as he sees fit, and the power of the State is commensurate with its confiscations. And this is so even if the confiscated property is spent in ways that, according to the State, redound to his benefit. A well-kept slave is still a slave.

Nevertheless, there are these over-all or common services that enable a Society to grow both in size and in productivity, and these must be paid for. It is a poor environment, not attractive as a place to live in, and therefore not conducive to enterprise, where rivers of mud must do for streets, the outhouse is the only sanitation system, the well is the source of water supply. There is no question as to that. The only question is whether there is any means of paying for the services needed for growth other than taxation. Perhaps they can pay their own way, even as the elevator and the heating system in a large building are self-supporting. When we follow the growth of a prairie spot into a large city, step by step, we see that inherent in this development there is a source of revenue comparable to the services which make it possible.

Here, he begins an excellent description of where land values originate, and who properly owns them.

To the first pioneer, before there is a Society, the only consideration in the selection of a site to work on is the wages this particular piece of land will yield him for his labors. To him, this is the "best" land. There is plenty of this land around, and the second, third, and other immigrants are likewise concerned only with productivity. In due time, the influx exhausts the best land, and newcomers are compelled to work the second best. A differential in desirability has arisen because of scarcity. The best is better than the second best because the same amount of labor will yield more, and if the newcomers wish to work the better locations they will offer the first occupiers a premium for the privilege. They will offer to pay rent. All things considered, the rent they will offer to pay will be equal to the differential in yield.

So far, fertility determines the rent of land. But, when the population increases to the point where specialization and trade set in, a differential in desirability of locations arises that has no relation to crops. The blacksmith does not need an acre to ply his trade, only a lot, and the doctor needs even less space. On minute fractions of a farm, men produce goods and render services that are in considerable demand, and specialists in these lines bid high for these fractions. Their bidding is the result of crowding, and the crowding in turn is due to the concentration of population in the area of these sites. Thus comes Main Street, with its general store, its hotel, its theater, and its library.

Main Street is not merely a thoroughfare. Here one can enjoy the pleasures of social life, here one can produce things of value, here one can put one's savings to productive use. It is more than a location; it is an opportunity to render and to receive services. The opportunity is sought after, and the intensity of desire for sites on Main Street fixes rental value. The bids do not represent a charge on the occupier's income, wages on his labor, or interest on his investment, but rather measure the opportunity which the desired spot will give him to work and to invest his capital. It is for the opportunity that he is willing to pay a share of the production made possible by the location. The opportunity costs him nothing, because if he did not apply his skills and his capital there, if he were compelled to locate "off the beaten track," his returns would be commensurately less. If he has rare skill to offer, like singing, it is necessary that he display it here, for elsewhere customers would be few. If he has much capital to invest, he puts up his building or his haberdashery shop at this center of population because on the prairie his capital would be unproductive. He pays for the opportunity to produce out of the production the site makes possible, not out of his earnings. In point of fact, the rent comes in by the front door.

Main Street — used here as a symbol of the market economy — is made possible by population. Population concentrates in the locality, in the first place, because

the locality promises a return on invested labor and capital, because it has good land, a harbor, a mine or, eventually, a factory. That is the first magnet for people. But, since men do not live by bread alone, the wages earned in the locality begin clamoring for services that only Main Street can provide, and as wages increase so does the clamoring. Among the services demanded are those that are conducive to better living: security from fire hazards, sanitary conditions, better streets, a water supply. And as these aids to better living appear, the place becomes attractive to more people, and the bidding for locations becomes more lively. The rental values of these locations increase. But so do the productive possibilities. Rent is the reflection of density and productivity of population. Procreation and immigration are only partial boosters of rent; even more important are the wealth-producing capacities and facilities of these occupiers of sites.

The cause-and-effect relationship between rent and population productivity suggests that rent is a proper fund to apply to those services that cannot be ascribed to the efforts of individual producers, but which are necessary to all of them. This is the device first suggested by the French Physiocrats in the eighteenth century and later advocated by Henry George under the name of the "single tax." As a fiscal measure it commends itself on several grounds. In the first place, it is really not a tax, because the element of coercion is absent from the collection of rent. Rent has to be paid even as one must pay for the services of a doctor or the acquisition of any economic good. It is a price paid for the exclusive use of a desirable site and is determined by free competition. As in the case of a necktie or a ticket to the circus, the price is set by voluntary bidders; the owner of the site has nothing to do with establishing its rental value. The only question involved is whether it is in the best interests of Society, which creates this rental value, that it be paid to the owner or to the public treasury to defray the costs of the social services. To the occupier the matter is of no consequence; he does not care whether the recipient of the rent is an idiot, a genius, a corporation, or the community. Then, there is the matter of equity. Since the social services attract population and are therefore conducive to greater production, which in turn increases rent, it would seem that the cost of maintaining them is a proper charge against rent. It can be argued that rent rises in proportion to the availability of services provided by private specialists, such as factories, doctors, railroads, entertainers, and merchants. But these are the concomitants of population density, which is directly influenced by the conditions which make the locality a desirable place to live in. It may be possible to earn as much money wages for a given amount of labor in a mining camp, where no social services are available, but a mining camp is a poor place to spend one's life in. The density and productivity of population is the primary cause of rent, but contributory to density and productivity are the social services provided in the locality. Hence, it seems equitable that this rent be used to defray the costs.

This last passage muddies the waters a bit. He may seem to be arguing against payment of any land value rebates, and for the transfer of the entire

ground-rent to the agencies providing social services. But I prefer to think he's arguing against the notion that *all* of the ground-rent belongs only to the "private specialists," rather than just their proper share. Presumably he'd say that not only do the government entities providing the social services deserve their share, but also the nameless masses who provide "the density and productivity of population." He doesn't clearly delineate these components or what portion of the ground-rent is their due, however.

Finally, there is the obvious improvement in the abundance of the market place if taxes were abolished, if production were relieved of the cost of providing social services. A tax is a levy on earnings; it is a draft on the wages that would, if left with the earner, result in effective demand for goods and services. They are made poorer by the levy. On the other hand, rent is not a charge against production but is merely payment for the opportunity to produce. The merchant who says that he does not care what the rent of his location is so long as he can do the business there, is an excellent economist; he knows that he is not out of pocket for the rent he pays, that this payment is merely a yardstick of the volume of sales made possible at that location. If he sets up shop in a less traveled area, he will pay less rent, but he will also do less business. And he knows that the price he must charge for his merchandise is determined by competition, not by the rent he pays. Unlike a tax, which must be added to the price of the merchandise and absorbed by the consumer, rent is absorbed in commercial transactions; it cannot be passed on to the consumer.

While the above clearly shows that Chodorov favored George's Single Tax (though he, like Nock, probably would have preferred Paine's phrase, "community collection of ground-rent"), he did think its implementation more problematic. Thus, he continues with the following (pp. 109-110).

For all that, the "single tax" does not come to grips with the basic malaise of Society, which is the tendency of political power to encroach on freedom. It is true that Henry George faced this fact, but, like all advocates of reform, his inclination to blow up his proposal into a panacea led him to pass encroachment over as an inconsequential matter that would automatically correct itself. He argued that the prosperity resulting from the abolition of taxes would offer emoluments in private enterprise that politics could not match, and that only those who had achieved a competence would enter political life for the glory of public service. But the argument does not accord with the facts of history, nor does it take into account the ineluctable urge in political life for more and more power. The power complex is not to be cured by a fiscal reform. Even as taxes are used to accumulate power, so could the rent of land.

While the latter is certainly true, I disagree with Chodorov's general thrust here. George also argued that, because of the simplicity of the Single Tax, the masses would be more knowledgeable about not only the nuts and bolts of land assessment, but of its fairness as well. They'd also be better acquainted with the proper role of government, and would be relatively immune to its encroachments on their freedom. Additionally, if instituted at the local level, the Single Tax would be largely self-correcting, for reasons discussed elsewhere in this essay, and which Chodorov himself explains further on down.

It has been estimated that rent in a highly productive country, like the United States, is a larger sum than its taxes, and if this is so its diversion to the State would make that institution stronger and more arbitrary than it is now. It could use the rent fund to take over an industry, such as the steel mills, by the simple device of declaring it a "social service." In a "democracy," how many votes could be bought with rent?

The best that can be said for the use of rent to defray the cost of social services, in lieu of taxes, is that the plan might work well in a small community.

[This is precisely what I and many other geo-libertarians have come to recommend — see the section "How would LVT work?" p.97.]

But that is so not because of the inherent virtue of the plan but because in a small community political power is more immediately responsive to social power, and any attempt to make use of the rent fund for political purposes would meet with the quick disapproval of the neighbors; that, however, is also true when taxes are misused in a small political unit. Hence, for all the merits of the "single tax," it does not meet the antisocial problems resulting from political institutions, the cure for which is the decentralization of power, the keeping of the politician within the purview of the people whose money he handles.

All, of course, true. And, in **The Income Tax: Root of All Evil**, Chodorov has a chapter entitled "Competition in Government," which makes the further argument that not only must governing jurisdictions be small, they must be in direct competition. Also plainly true. Fortunately, LVT and decentralized government are not mutually exclusive. In fact, their marriage is precisely what I and many other geo-libertarians propose: a hierarchical, decentralized, competing municipality form of government, with each municipality funded by the Single Tax (again, see p.97, "How would LVT work?").

Unfortunately, not all of the libertarian movement's 20th century intellectual icons studied the land question as thoroughly as did Nock and Chodorov.

Take, for example, **Ludwig von Mises** (1881-1973). His major work, **Human Action: A Treatise on Economics** (1949), addressed the land question in only a cursory fashion. From Chapter XXII ("The Nonhuman factors of production", end of section 1):

Classical economic theory erred when it assigned to land a distinct place in its theoretical scheme. Land is, in the economic sense, a factor of production, and the laws determining the formation of the prices of land are the same that determine the formation of the prices of other factors of production.

Forgetting that the supply of land, unlike the supply of, say, tractors, is strictly limited, and is, moreover, a *sine qua non* of human existence. While oxygen is also in the latter category, it cannot easily be monopolized. The classical economists were thus correct in treating land as unique.

From Chapter XXVIII (Interference by Taxation), section 2 (The Total Tax):

Some socialists launched plans for a prosocialist tax reform. They recommended either a 100 per cent estate and gift tax or taxing away totally the rent of land or all unearned income—i.e., in the socialist terminology, all revenue not derived from labor performed. The examination of these projects is superfluous. It is enough to know that they are utterly incompatible with the preservation of the market economy.

Upon hearing this, LVT advocate Dan Sullivan remarked, "Not exactly an exhaustive treatment." Dan also made the interesting observation that, in later editions of this work, Mises added the word "manual" in front of labor, because he must have realized that the performance of labor was the principle upon which *all* classical liberals, including himself, based private property. But Georgist Single-Taxers have always recognized the right to value created by mental labor, and so Mises was being unfair here in lumping Georgists with socialists.

The ideas of Henry George, curiously enough, may have played a major role in Nobel Prize-winning Austrian economist **Friedrich August von Hayek's** (1899-1992) choice of economics as his life's work. (Hayek is perhaps best known for his 1944 book, **The Road to Serfdom**.)

A decisive step in my introduction to economic theory, perhaps the occasion which made me see what it was all about, was when, some time during my first year of the university, somebody introduced me to a group of single-taxers (*Bodenreformer*s — the German version of the Henry George school, led by one Damaschke) — and I was persuaded to read to them a paper on the Ricardian theory of rent.^{16} The latter at once fascinated me, while my enthusiasm for the single-tax proposal rapidly ended. I do not remember what flaws in it I found then, because it seems to me to the present day the theoretically most defensible of all socialist proposals and impractical only because of the *de facto* impossibility of distinguishing between the original and permanent powers of the soil and the different kinds of improvements. (Hayek on Hayek (1994), p.63)

It's interesting both that Hayek called it a socialist proposal (to see why he and others may mistakenly see it that way, see numbers 1 and 2 of "Common objections from libertarians"), and that at the same time he thought it at least somewhat theoretically defensible. He doesn't say specifically that he considered it *morally* defensible, but that's a reasonable supposition given that his next thought was to declare it impractical. Given his last sentence, we can assume he understood the distinction between Nature-created land value (original and permanent powers of the soil), government service-created land value, and individually-created value. Why he viewed their separate calculation as impossible, I haven't a clue. He seems simply to have stopped thinking about it, because he viewed the calculation as impossible. Thus he probably didn't bother to consider the robbery inherent in a system in which landlords receive all the value created by Nature, government, and other individuals. (For a more detailed answer to Hayek's criticism, see Andelson's "*On Separating the Landowner's Earned and Unearned Increment: A Georgist Rejoinder to F.A. Hayek.*")

At least one Austrian economist favored LVT

Despite von Mises' and Hayek's dismissal of LVT as socialistic and/or impractical, there was at least one early Austrian economist who agreed completely with Henry George. His name was **Max Hirsch**, and he authored a book titled **Democracy vs. Socialism: A Critical Examination of Socialism as a Remedy for Social Injustice and an Exposition of the Single Tax Doctrine**. Written in 1901, it is said to be the first book to deal comprehensively with Marx's **Das Capital**, as well as all of the socialist literature up to the end of the 19* century. He not only demolished the basic tenets of Marxism (admitted even by many of the leading socialists of Great

Britain and Australia at the time), but provided an alternative explanation and solution for the rampant poverty and injustice that gave socialism its impetus. Thus, not only did he expose the flaws in Marx's labor theory of value, etc., but he also championed Georgism, answered all criticisms of it, and even devoted a chapter to explaining why compensation for landowners would be wrong. Dr. Hirsch led and inspired the widespread, local implementation of the Single Tax in Australia and New Zealand in the early part of the 20th century.

Winston Churchill, *or* Monopolies can, and do, exist

Widely regarded for his wry sense of humor^{17} and stoic resolve as England's leader during WWII, Churchill (1874-1965) also possessed a deep understanding of economics. But before presenting extensive portions of one of his early speeches, I'd like to de-stigmatize a subject that libertarians are all too familiar with: monopoly. When libertarians hear this word, they almost instinctively discount everything that follows. I know, because for years I thought monopoly was a figment of the liberal imagination; that a free market would always work against monopoly, and that only government interference could produce it. I was right, but I only considered state-granted privileges like licensing of doctors and the creation of municipal authorities, as well as the stifling of competition via governmental regulation. I didn't see that by granting titles to land and natural resources for less than the present and future market value, government not only allows, but *fosters* monopoly. In this way, we've encouraged natural resources, hence opportunity itself, to be controlled at bargain basement prices (i.e., monopolized), in a supposedly free market system.

Natural resource monopoly tends to strangle people even more effectively than the earlier example, where all the oxygen was being extracted from the atmosphere. The reason is, it's a positive feedback loop, with the rich using their riches, unfairly, to get even richer, and the system tends toward a catastrophic conclusion: the existence of extreme haves and have-nots. To see this, consider...

The game of Monopoly I loved playing Monopoly as a child, but I didn't understand the game's most profound message until quite recently: there's

only one winner and everyone else loses. But in real life the game doesn't end, and all the many losers, if they wish to live, must become the partial slaves of the few winners — the monopolists. For in real life the wealthy are allowed not only to buy the fruits of other men's labor with their winnings (as they should be), ***but they are allowed to buy up Nature itself, and thus confiscate the very basis of everyone else's existence.*** We let them monopolize natural opportunity! Undoubtedly this seems like a good deal to land speculators and the government officials who tip them off as to where the latest boondoggle road project, stadium or airport is going to go, so they can buy up the land ahead of time, make a killing, and give kickbacks under the table or contribute heavily to a re-election campaign. But it's a very bad deal for everyone else. This particularly common type of corruption could not occur under LVT, as there would be no killing to be made.

One final word about land monopoly. Even under geo-libertarian proposals to restore equal rights to land by instituting community collection of ground-rent, land would still be "monopolized" in the sense that it'd be controlled and accounted for. But it would be managed by local government in the same way a shopping mall is managed. Land would be leased and used by individuals, just as space at shopping malls is leased and used by individual entrepreneurs. And, it'd be much more readily available to individuals who wish to use it. There'd be no land speculation, and no one would be able to rob anyone else of their natural inheritance, forcing them to labor just to purchase space in which to exist.

Speech by Churchill Having, hopefully, desensitized you to the word "monopoly," you're now ready for Churchill. Although not held in especially high regard by libertarians, he certainly had a healthy appreciation of the free market (see his statements below about doctors, lawyers, and free competition). And, the very first sentence quoted below demonstrates his respect for capitalism and scorn for socialism. In this speech, he gives some of the clearest illustrations of the evils attending the treatment of land as an ordinary commodity. This, alone, qualifies him, in my mind, as a true-blue freedom fighter. It's a veritable tutorial in the dynamics of land economics. Churchill certainly considered himself a liberal in the classic sense (although he began and ended his career in the Conservative Party), and this long quotation is drawn from a speech he gave on July 17, 1909, to a friendly group of fellow Liberal Party politicians in

Edinburgh, Scotland. He was then serving in the House of Commons, and his purpose in the speech was to educate his fellow party members on how to defend a rather modest budget proposal to tax one-fifth of the future unearned increment in land values. The descriptions of the audience reaction have been left in to give a livelier sense of the moment.

...[Previously] I attempted to draw a fundamental distinction between the principles of Liberalism and of Socialism, and I said Socialism attacks capital, Liberalism attacks monopoly. — (Cheers.) It is from that fundamental distinction that I come directly to the land proposals of the present Budget. — (Cheers.)

It is quite true that land monopoly is not the only monopoly that exists, but it is by far the greatest of monopolies. It is a perpetual monopoly, and it is the mother of all other forms of monopoly. — (Cheers.) Undeserved increments in land are not the only form of unearned or undeserved profit, but they are the principal form of unearned increment, and they are derived from processes which are not merely not beneficial, but positively detrimental to the general public. — (Cheers.)

Land, which is a necessity of human existence, which is the original source of all wealth, which is strictly limited in extent, which is fixed in geographical position — land, I say, differs from all other forms of property in these primary and fundamental conditions.

Nothing is more amusing than to watch the efforts of our monopolist opponents to prove that other forms of property and increment are similar in all respects to land and the unearned increment on land. They talk to us of the increased profits of a doctor or a lawyer from the growth of population in the towns in which they live. — (Laughter.) They tell us of the profits which are derived from the rising stocks and shares and which are sometimes derived from the sale of pictures and works of art — (laughter), — and they ask us as if it were the only complaint, "Ought not all those other forms to be taxed too?"

But see how misleading and false all those analogies are. The windfalls from the sale of a picture — a Vandyke or a Holbein — may here and there be very considerable. But pictures do not get in anybody's way. — (Laughter and cheers.) They do not lay a toll on anybody's labor; they do not touch enterprise and production at any point; they do not affect any of those creative processes upon which the material well-being of millions depends. — (Cheers.)

If a rise in stocks confers profits on the fortunate holders far beyond what they expected or indeed deserved — (laughter), — nevertheless that profit was not reaped by withholding from the community the land which it needs; on the contrary, it was reaped by supplying industry with the capital without which it could not be carried on.... If a doctor or a lawyer enjoys a better practice, it is because the doctor attends more patients, and more exacting patients, and because the lawyer pleads more suits in the courts, and more important suits. At every stage the doctor or the lawyer is giving service in return for his fees, and if the service is too poor or the fees are too high other doctors and other lawyers can come freely into competition. — (Cheers.) There is constant service. There is constant competition. There is no monopoly. There is no injury to the public interest. There is no impediment to the general progress in these.

Fancy comparing these healthy processes with the enrichment which comes to the landlord who happens to own a plot of land on the outskirts of, or at the center of one of our great cities, who watches the busy population around him making the city larger, richer, more convenient, more famous every day, and all the while sits still and does nothing.

Roads are made, streets are made, railway services are improved, electric light turns night into day, electric trams fly swiftly to and fro, water is brought from reservoirs a hundred miles off in the mountains — and all the while the landlord sits still. — (A laugh.) Every one of those improvements is effected by the labor and cost of other people and the ratepayers. To not one of those improvements does the land monopolist, as a land monopolist, contribute. — (Hear, hear.) And yet by every one of them the value of his land is sensibly enhanced. He renders no service to the community, he contributes nothing to the general welfare, he contributes nothing even to the process from which his own enrichment is derived.

The land may be unoccupied, underdeveloped — it may be what is called ripening — (laughter) — ripening at the expense of the whole city, of the whole country, for the unearned increment of its owner. Roads perhaps have to be diverted to avoid this forbidden area. The merchant going to his office, the artisan going to his work has to make a detour or pay a tram fare to avoid it. — (Laughter.) The citizens lose their chance of using the land, the city and state lose the taxes which would have accrued if the natural

development had taken place, and all the while the land monopolist has only to sit still and watch complacently his property multiplying in value, sometimes many fold, without any other contribution on his part. And that, ladies and gentlemen, is justice. — (Laughter and cheers.)

But let us follow the process a little further. The population of the city grows and grows, the congestion in the poorer quarters becomes acute, rents rise and thousands of families are crowded into one-room tenements. At last the land becomes ripe for sale. — (Laughter.) That means to say that the price is too tempting to be resisted any longer—(laughter), — and then, and not till then, it is sold by the yard only, by the inch — (laughter), — at ten times or 20 times or even 50 times its agricultural value.— (Cheers.)

The greater the population around the land, the greater the injury the public has sustained by its protracted denial, the more inconvenience caused to everybody, the more serious the loss in economic strength and activity, the larger will be the profit of the landlord when the sale is finally accomplished. In fact, you may say that the unearned increment on the land is reaped by the land monopolist in exact proportion, not to the service, but to the disservice done.— (Cheers.) It is monopoly which is the keynote, and where monopoly prevails, the greater the injury to society the greater the reward to the monopolist will be. See how this evil process strikes at every form of industrial activity. The municipality, wishing for broader streets, better houses, more healthy, decent, scientifically planned towns, is made to pay more to get them in proportion as it has exerted itself to make past improvements. The more it has improved the town, the more it will have to pay for any land it may now wish to acquire for further improvements.

The manufacturer proposing to start a new industry, to erect a great factory offering employment to thousands of hands, is made to pay such a price for his land that the purchase price hangs around the neck of his whole business, clogging him far more than any foreign tariff in his export competition — (cheers), — and the land price strikes down through the profits of the manufacturer on to the wages of the workman.

No matter where you look or what examples you select, you will see that every form of enterprise, every step in material progress, is only undertaken after the land monopolist has skimmed the cream off for himself, and

everywhere today the man or the public body that wishes to put land to its highest use is forced to pay a preliminary fine in land values to the man who is putting it to an inferior use, and in some cases to no use at all. — (Hear, hear.) All comes back to the land value, and its owner for the time being is able to levy his toll upon all other forms of wealth and every form of industry.

A portion, in some cases the whole, of every benefit which is laboriously acquired by the community increases the land value and finds its way automatically into the landlord's pocket. If there is a rise in wages, rents are able to move forward, because the workers can afford to pay a little more. If the opening of a new railway or a new tramway, or the institution of an improved service or a lowering of fares, or of a new invention, or any other public convenience affords a benefit to the workers in any particular district, it becomes easier for them to live, and therefore the landlord and the ground landlord, one on top of the other, are able to charge them more for the privilege of living there. — (Laughter.)

Some years ago in London there was a toll bar on a bridge across the Thames, and all the working people who lived on the south side of the river had to pay a daily toll of one penny for going and returning from their work. The spectacle of these poor people thus mulcted of so large a proportion of their earnings appealed to the public conscience, and agitation was set on foot, municipal authorities were roused, and at the cost of the rate payers the bridge was freed and the toll removed. All those people who used the bridge were saved sixpence a week. Within a very short period from that time the rents on the south side of the river were found to have advanced by about sixpence a week — (laughter and cheers), — or the amount of the toll which had been remitted.

A friend of mine was telling me the other day that, in the parish of Southwark, about £350 a year was given away in doles of bread by charitable people in connection with one of the churches, and as a consequence of this the competition for small houses and single-room tenements is so great that rents are considerably higher than in the neighboring district. All goes back to the land, and the land owner, who in most cases is a worthy person, utterly unconscious of the character of the methods by which he is enriched, is enabled with resistless strength to

absorb to himself a share of almost every public and every private benefit, however important or however pitiful those benefits may be.

I hope you will understand that, when I speak of the land monopolist, I am dealing more with the process than with the individual land owner. I have no wish to hold any class up to public approbation. I do not think that the man who makes money by unearned increment of the land is morally worse than anyone else who gathers his profit in this hard age under the law, and according to common usage. It is not the individual I attack; it is the system. — (Cheers.) It is not the man who is bad; it is the law which is bad. It is not the man who is blameworthy for doing what the law allows and what other men may do; it is the State which would be blameworthy were it not to endeavor to reform the law and correct the practice.

We do not want to punish the landlord. We want to alter the law.

It should be clear from Churchill's examples that a productive community (i.e., many individuals) contributes significantly to land values while, currently, only landowners (relatively few individuals) reap the profits. As mentioned in Chapter 1, a fundamental principle of justice is that people own the fruits of their labor; we see that under a system of unencumbered land ownership, the fruits of everyone's collective labor accrue more and more to the landowners as society progresses (see also Mill's and George's quotes). This is part of the reason why land has usually been treated differently than man-made property. And hopefully, after having read this far, no one will say, as did Rothbard in **For A New Liberty** (p.34) that because "no producer *really* 'creates' matter," nothing is truly man-made; that because man modifies existing matter in using land just as he does in creating computer software, land is just like everything else. As Churchill stressed, it's a matter of degree, and of the presence or absence of monopoly. Where monopoly exists, there resides injustice. There is no monopoly, for example, in silicon for computer chips, or petroleum for a computer's plastic housing, etc. Because these raw materials are abundant, the cost of computers mostly reflects the labor involved in their construction. They are classified among the "moveables" mentioned in the Introduction and by J. S. Mill, are almost totally elastic in quantity in relation to our needs, and thus are not presently monopolizable. Land, on the other hand, is easily monopolized.

Murray Rothbard (1926-1995) The only well-known libertarian writer whom I know to have explicitly, and at great length, opposed the idea of community collected user fees for natural resources is Murray Rothbard, which is odd, given his admiration for Albert Jay Nock and Frank Chodorov, who, in turn, revered Henry George. Rothbard apparently had extensive discussions with Georgists:

If every man owns his own person and therefore his own labor, and if by extension he owns whatever property he has 'created' or gathered out of the previously unused, unowned 'state of nature,' then what of the last great question: the right to own or control the earth *itself*?... It is at this point that Henry George and his followers, who have gone all the way so far with the libertarians, leave the track and deny the individual right to own the piece of land itself, the *ground* on which these activities have taken place, (pp. 33-34, **For a New Liberty**.)

The following is taken from his *The Ethics of Liberty*.

(p. 50, footnote 2): A modified variant of this "Columbus complex" holds that the first discoverer of a new island or continent could properly lay claim to the entire continent by himself walking around it (or hiring others to do so), and thereby laying out a boundary for the area. In our view, however, their claim would still be no more than to the boundary itself, and not to any of the land within it, for only the boundary will have been transformed and used by man.

With this statement, Rothbard may seem to have carried the "first use" doctrine to its illogical extreme. (If walking over some land constitutes transformation and use, then is it just one's footprints that one owns? Or does one's rightful claim extend out to all the underbrush one has cleared away? Or, can one claim land as far as the eye can see? This is the very definition of the word "arbitrary.") But in his defense, to convert the claim into actual ownership would, Rothbard would say, require actual use (though we're again faced with the question of what constitutes "use"—see p.79, "Anti-Rothbard..."). For example, earlier, in a Robinson Crusoe paradigm, he stated that Crusoe's "*true property—his actual control over material goods—would extend only so far as his actual labor brought them into production. His true ownership could not extend beyond the power of his own reach.*"

What, then would Rothbard say about large American corporations owning, but not using, millions of acres of land, as some now do? He gives us his answer in an essay he wrote on Henry George's Land Value Tax idea,

entitled "*The Single Tax: Economic and Moral Implications*" (FEE "Special Essay Series", 1957). Here are a few examples from that work:

Well, what about idle land? Should the sight of it alarm us? On the contrary, we should thank our stars for one of the great economic facts of nature: *that labor is scarce relative to land*...Since labor is scarce relative to land, and much land *must* therefore remain idle, any attempt to force *all* land into production would bring economic disaster. Forcing all land into use would take labor and capital away from more productive uses, and compel their wasteful employment on land, a disservice to consumers. [Emphasis his.]

Of course, LVT would and could do no such thing, as those who strive to put idle land into productive use would have to bid against other land users for labor, and only the best uses of labor and land would win out. Thus, rather than *forcing* all land into use, LVT would *discourage* all but the most productive use of land, just as any market tends to allocate resources most wisely. Another thing that would happen is that the earnings of labor would increase due to increased competition for it, and (ideally) none of the produced wealth would go to landowners *qua* landowners. Let me rephrase Rothbard's last sentence in a way that makes sense: *Forcing land users to pass over ideal idle land and utilize marginal land instead, is wasteful of human labor and natural opportunities, a disservice to all mankind and a boon only to landlords and land speculators.*

But here's the most embarrassing passage:

A 100% tax on rent would cause the capital value of all land to fall promptly to zero.

Correct.

Since owners could not obtain any net rent, the sites would become valueless on the market.

False! They'd be valueless only to those market participants who wish only to speculate in land, not to those who wish to *use* land in some productive endeavor.

From that point on, sites, in short, would be *free*.

Wrong again. While it's true there'd be no **sale** price for vacant land, one would still have to pay the ground-rent to use it.

Further, since all rent would be siphoned off to the government, there would be no incentive for owners to charge any rent at all.

Wrong yet again. He's assuming the LVT would be set by an actual ground-rent charged by the landlord, rather than being an assessed value that would have to be recouped. And, I might add, total rental costs would tend to decrease as additional units come on the market as the monopoly stranglehold on land loses its grip.

Rent would be zero as well, and rentals would thus be free.

He continues to pound a straw man.

The first consequence of the single tax, then, is that no revenue would accrue from it.

He took a wrong turn, and just keeps going!

Far from supplying all the revenue of government, the single tax would yield no revenue at all! For if rents are zero, a 100% tax on rents will also yield nothing.

Rothbard then goes on to state,

Compelling any economic goods to be free wreaks economic havoc...the result is to introduce complete chaos in land sites.

Completely false. Even if LVT were applied at a national level, and there were no competition among municipalities for residents, people would still bid on the leases of occupied property, providing price information. (For more on this, see p.97, "How would LVT work?")

In Power and Market: Government and the Economy (second edition, 1977), Rothbard went even further into the realm of irrationality in his attempt to refute Georgist land theory (p. 131):

Contrary to Georgist doctrine, however, the land problem does **not** stem from free-market ownership of ground land.

I know of no Georgist who would *ever* use the phrase "free-market" in conjunction with our current, individual monopoly market in land.

It stems from failure to live up to a prime condition of free-market property rights, namely, that new, unowned land be first owned by its first user^{18}, and that *from then on, it become the full private property of the first user or those who receive or buy the land from him.*" [my emphasis]

It is an obvious fiction that any use, however small or large the effort, should grant full private ownership for all time, unless we're talking about a make-believe world with unlimited land where access to all of it is instantaneous (i.e., where travel time is zero). This fiction ignores the fact that someone who, for example, puts up a fence and lets a cow graze, is much less the rightful "owner" of land than one who builds an industrial plant or a shopping mall. (For more on this, see p.79, "Anti-Rothbard...") But leaving that aside, simply compare Rothbard's statement about perpetual land title ("from them on") with those of Ayn Rand (see above) regarding the rightfulness of *non*-perpetuity in the ownership of a pure creation of human effort: intellectual property rights.

And so, the majority of modern-day libertarians, who claim that "all taxation is theft" and who oppose any charge ("tax") on the use of natural resources, are more properly called Rothbardians, rather than true, historical libertarians, who uniformly favor some form of community collection of ground-rent.

Views of other famous or semi-famous libertarians

The above is by no means an exhaustive list of classical liberals/libertarians who spoke out against the land monopoly inherent in our current system. The 1913 anthology **Liberty and the Great Libertarians** contains a great many moderately known and lesser known libertarians with wonderful quotes about the evils of purely private land ownership. Listed alphabetically, they are: Stephen Pearl Andrews, William Lloyd Garrison, Theodore Hertzka, Alexander Horr, Robert Ingersoll, John Henry Mackay, Edmund Norton, Louis F. Post, Leo Tolstoy, and Benjamin R. Tucker. (The Ingersoll and Tolstoy selections make for especially delightful reading, and still seem fresh.)

Modern libertarian support for LVT

Russell Means, American Indian Movement activist and candidate for the 1988 Libertarian Party Presidential nomination, has spoken at Georgist

conventions, and is sympathetic to LVT. **David Nolan**, principal founder of the Libertarian Party and originator of the "Nolan Chart"^{19} has stated that LVT is the least objectionable tax, and one he favors over all others until such time as all government functions are funded voluntarily. The following is taken from Mr. Nolan's article in the May, 1996 **Libertarian Party News** (p. 6), entitled "The Essence of Liberty."

No taxes on productivity In an ideal world, there would be no taxation. All services would be paid for on an as-used basis. But in a less-than-ideal world, some services will be force-financed for the foreseeable future. However, not all taxes are equally deleterious, and the worst form of taxation is a tax on productivity — i.e. an "income" tax — and no libertarian supports this type of taxation.

What kind of taxation is least harmful? This is a topic still open for debate. My own preference is for a single tax on land. Is this "the" libertarian position on taxes? No. But all libertarians oppose any form of income tax.

The libertarian **Heartland Institute**, in 1997, endorsed land value taxation, and drafted model legislation for shifting taxes off buildings and onto land, which they make available to state legislators around the U.S. Here's what they had to say:

Pro-Enterprise Property Tax Act The common one-rate property tax system creates tax disincentives to the construction of commercial, industrial, and residential buildings. Changing to a two-rate property tax system places a much lower tax rate on buildings and is more heavily based on the value of the property. This differentiation between land value and improvements on the land has helped revitalize downtown areas, lower annual tax burdens of homeowners, increase the number of construction jobs, and spur the production of housing.

This Act establishes a two-rate property tax system. It enables local governments, or local voters, to adopt a two-rate property tax and to implement such a system on any timetable. Localities choosing this option may then shift as much of the tax burden as desired from buildings and improvements onto land values. This system encourages economic growth and development.

Many modern economists also support LVT

Many winners of the Nobel Prize in economics have spoken in support of LVT, including Milton Friedman, public choice theorist James Buchanan, and the late William Vickrey. A recent book entitled **Land-Value Taxation: The Equitable and Efficient Source of Public Finance** (1999) contains

chapters by Vickrey, as well as economics professors Mason Gaffney, Nicholas Tideman, and Kris Feder. Other books have been written, discussing the details of assessing land value (**The Assessment of Land Value**, 1970) and its morality and practicality in the modern world (**Land Value Taxation: Can it and will it work today?**, 1998). A group of economists was formed in 1994, called "the geo-economy society," dedicated to advancing the LVT paradigm (see Feder, "Geo-economics," in Foldvary's **Beyond Neo-classical Economics**, 1996). Thus, the idea has been rigorously explored, and has found many strong proponents within the economics community.

At this point, however, I'd like to set aside quotations from the recent and distant past, and present several aspects of the issue that haven't yet here been treated, or treated adequately.

Other arguments for and against LVT

Why hasn't the Georgist viewpoint yet prevailed?^{20}

Henry George, one of the greatest and certainly one of the most greatly forgotten libertarians to have ever lived, considered private property in land to be the root of all socio-economic evil, and absentee landlordism (independent of any productive work landlords may do) the equivalent of chattel slavery. But few people come to this realization on their own, and many intelligent people find it hard to believe that our land policy is a big problem, even after having learned something about it. This is due partly to a phenomenon with which many libertarians are familiar: "the seen and the unseen." This expression generally refers to the "seen" consequences of any government expenditure, and the "unseen" absence of development that would have ensued had taxpayers spent their own money. In the case at hand, no one sees the greater abundance we don't have because we're not under a 100% LVT, no one sees the buildings that aren't built because of the high price of land, etc. For more details about the harm done, see the section titled "The argument from pragmatism" (pp.85-89).

Another part of the difficulty in seeing our land policy as a problem is that no one *feels* oppressed by land speculators or landlords. The former are viewed as players in a game no different than the stock or commodities markets, and the latter are perceived as just being part of the system. While many people feel their rent is much too high, no one quite knows who to blame. A "that's just the way it is" mentality prevails. After all, landlords are providing one a place to live, which involves labor both in construction and maintenance. Who can tell how much of one's rent goes toward facilities and service, and how much toward purchasing one's "right" to space in which to exist? (Not that people are even aware of the latter.)

Another reason people find this view hard to accept is that most of us are doing fairly well these days. Technology is the reason. It has continued to

make land more and more productive, increasing wages. Landlords are always a bit slow to raise rents and soak up the "excess" wealth of the masses. But, if technological advancement were to stop, the squeeze from rents would soon be felt much more strongly. (For a better understanding of this sparing effect of technology, and its contribution to suburban sprawl by making marginal land more useful, see Fred Foldvary's article, "*Seeing the Cat*", at www.earthsharing.org.au/cat.html.)

Moreover, when one questions the right of absolute ownership of land, many people reject the idea out of hand, thinking that one is undermining the validity of private property in general. They view it as a "slippery slope," where if we give up private property on this point, we'll end up losing it across the board. (Of course, we already have this situation to some extent with our current property tax, but how many people feel outraged about that?) Also, many people consider *themselves* to be landlords, owning the land their houses are on. (If one considers, though, that if all the arable land on the earth were divided equally, each person would have 3.5 acres^{21}, it makes it clear that some people own lots more than others.) Few sense that the current system of land ownership is inhibiting the realization of their dreams. Few consider absentee landlordism the moral equivalent of chattel slavery. Because it's a mixed bag, with a large proportion of people being, to some extent, landlords, most people feel it's a fair system. From George's perspective, it's like each chattel slave holding a tiny stock in his master's plantation — earning enough perhaps to buy one candy bar a month — and being pacified by it. And people who find it difficult to buy a home — because, unknown to them, land prices have skyrocketed and now constitute a major portion of a home's price — think (if it even rises to the level of conscious thought) "that's just the way it is...it's the system, and the system is fair." But just because anyone can rise to become top dog doesn't make the game of "dog eat dog" fair.

Another possible reason is that George accepted as perfectly just only an approximation to justice, by lumping individually-created land value with taxpayer-created value, and calling them "community created value." By failing to distinguish the two, and by failing to specify that all should get what they create, a valid complaint could be made. (It's an approximation that is reasonably accurate, however, and tends to fail noticeably only in cases where there are large, commercial entities that anchor an entire town,

creating most of the jobs, hence demand for land, hence land values in that area.)

Henry George wrote that no great injustice dies easily—the vested interests are too strong. Considering how long it took to eliminate chattel slavery, which is now viewed universally as an obvious wrong, it's not surprising that the much more subtle form of slavery from land monopoly is still with us. And, these days, there's the distraction of another taskmaster with his boot on our neck — Big Government.

Common objections from libertarians

8. "LVT must be wrong because it represents a positive rather than negative right" (Although I've never actually *heard* anyone formulate their objection in this way, I think it captures much of what troubles libertarians about LVT.) Libertarians consider genuine rights to have a "negative" character, in that they all boil down to a right to be left alone. For example, one already has one's life, and to say one has a right to life means that no one else has a right to take it. By the same token, one has the inherent ability to move around and perform certain actions, and to say that one has rights to liberty and the pursuit of happiness means that no one else may impede that activity and pursuit, apart from their equal right to move about and pursue their own happiness.

But the right to an equal share of the Earth, especially if expressed as a right to collect a share of Nature-created land value, seems like a positive right, i.e., a right to the fruits of other people's labor. Or, one may consider it to be an expression of a positive claim on others, that they must relinquish some space they've been using, to make room for newcomers. Well, at least it *seems* like a positive claim, now that we've gotten so used to the idea that individuals can *own* elbow room. But, giving someone else their elbow room is not really "giving" them anything they don't have a natural right to. One's share of natural land value represents the price someone without land would have to pay to rent, and thus regain, his rightful share of the earth.

I should emphasize, though, that in my view, there would not be much, if any, of a natural value component of land value if a 100% LVT were instituted, because speculators would give up their claims, and good land

would once again be freely available for the taking. Until we reach that point, however, a portion of the "Citizen's Dividend" would derive from LVT, and the portion of LVT that goes toward it should be viewed not so much as a user fee, as a fee for the privilege of preventing others from using that to which they have a natural right. It's a precise way for those who have more than their share of the earth to compensate those who have less than theirs.

9. **"It's socialism (egalitarian collectivism) "** Here's the text of an actual comment. I cannot endorse an idea that reduces treatment of land property to an egalitarian basis. The idea that all land should be owned by the collective is only one variant of other ideas such as: "We are all born into families by luck so the collective should assure all children an equal upbringing," or "The intelligence we all have from our genetic heritage is by pure chance of birth so all people should be guaranteed an 'equal' start in the competition market."

My reply "There's something to what you say. All the things you mention—land, genes, and parents—can be considered 'gifts of Nature.' But let's not forget that, as libertarians, we believe in the principle of self-ownership. If we are to consider ourselves 'gifts of Nature,' we must be very careful to remember that we are 'given' to ourselves, not others. Thus, the important distinction I see between these other 'gifts' and land is that the former are properly owned—e.g., parents own themselves, and have a right to give their time and money exclusively to their own children if they so choose—whereas land can never properly be owned in the first place. One has a right only to the usufruct of land (Jefferson). Who owns what is of paramount importance. The socialist proposals you mention would presumably involve taking the fruits of labor from those who created them. LVT would do the opposite. In the sense that the land rent would be collected and distributed to its many rightful owners, rather than to the few, privileged monopolists, yes, it's more 'collectivistic' than our current system. Like John Stuart Mill, I find it almost axiomatic that we *should* be egalitarian with respect to the gifts of Nature, at least, those gifts that lie outside ourselves. Is it 'egalitarian' to believe in equal rights?"

10. "*There's no monopoly in land*"; "*We already have a free market in land*"; "*Landowners compete with one another*" Many people are thrown off by the existence of a degree of competition among landowners. Most people can understand that if *one* person owned the whole earth, there'd be a clear monopoly and master/slave relationship, as their very existence would depend on his whim. (He could say to them, "Get off my property!" and he'd have the right to banish them to the high seas, since that'd be the only way to comply with his request. If he were smart, he'd give them all the choice of working for him, in exchange for being allowed to live, receiving enough sustenance to remain healthy slaves. And if he were even smarter, he'd do what Mark Twain suggested, and give them all the feeling that they were free.) But, it is argued, because many people own various parts of the earth, and are competing with each other for lessees and tenants, land prices are kept low and the slavery aspect of private land ownership is therefore mitigated essentially to zero.

This is not so, however, for two main reasons. First of all, it's a fact of human existence that dense concentrations of people (i.e., in cities) can, given freedom and a certain minimal level of technological development, constitute enormously valuable centers of wealth creation. (In my more emotionally detached, though not necessarily misanthropic, moments, I think of cities as particularly virulent areas of infestation of the earth, where the reproducing organisms have found a particularly suitable climate and have evolved a particularly efficient internal metabolism.) These valuable parts of the earth, where most people live, are already thoroughly squeezed, i.e., much of the tremendous wealth created by the community (voluntarily as individuals cooperating within the context of the division of labor, and coercively as taxpayers) has been confiscated by the landowners, and continues being confiscated by them.^{22} A group of people who want to free themselves from the landlords' confiscation of their labor by striking out on their own must be virtual slaves a long time, working to buy the land and necessary provisions, before they can even begin to create an independent city out of wilderness.

Secondly, as mentioned in the Introduction, because land is of an essentially fixed supply, and a *sine qua non* of human existence, the law of supply and

demand doesn't work the normal way. There isn't the normal safety valve of others jumping into the business when prices get very high, since creating land isn't economically feasible (though in cities people have done the next best thing, and built vertically, utilizing space better). On the demand side, people can't say, "prices and rents are just too high these days. We can do without land this year. We'll go live on an iceberg." (If that were really an option, icebergs would be monopolized, too.) *As a result of the fixed supply of land and its absolute necessity for man's existence, landowners have an especially strong bargaining position with respect to the rest of mankind.* (For more on this, see the sections on Winston Churchill and especially Mark Twain.)

11. "*People don't always make money in real estate*" The unconvinced also point out that some people lose their shirts investing in real estate, implying that land monopoly isn't so strong, and that investing in land is just like other forms of investing. But, in my view, it's only government meddling via oppressive regulations and stupid tax and monetary policies that makes land prices occasionally volatile. Barring cataclysmic setbacks for mankind, like the Bubonic Plague or world war, the natural condition is for land continually to become more and more valuable. (Besides, some people also undoubtedly lost money investing in slaves by having them die or be poor workers. But that didn't make slavery right or impotent as a force of oppression.)
12. "*Land is not important in a post-agricultural age* " People also point out that most money made today comes not from land but from advances in science and technology. Witness Bill Gates and Microsoft. Back when most of us were farmers and land was of central importance, a land value tax might've made sense, but not today, they assert. Further, they argue, land isn't an adequate source of revenue for today's massive government (though this contention has been refuted by Dr. Steven Cord — see Fred Harrison's **The Power in the Land**, p.201). To this I have five replies: 1) technological advancement *is* a saving grace, as pointed out earlier, but it won't allow us to avert catastrophe forever, and hindering it by taxation certainly doesn't help, 2) our goal should be economic and social justice, not Big Government for its own sake, 3) those

who make money honestly, by creating and selling things which others desire, deserve all of their wealth — they've created it by their own efforts, have already given much to humanity through mutually beneficial trade, and don't deserve to be robbed by the taxation of their income, 4) government** massive today, but the need for social services would be much less with LVT, since there'd be much greater job opportunity and a more equal distribution of wealth with natural resource monopoly out of the picture, and 5) all wealth, nevertheless, is generated on land — even Bill Gates has an office situated on land — and rents keep going up as a percent of total income, indicating that land is *not* of insignificant value, but rather of proportionately greater value as society progresses.

13. "***I don't want the government involved in collecting money!***" Most libertarians have a deep-seated distrust of anything governmental, so much so that many of us are really anarchists rather than minarchists (i.e., those who favor minimal government). (For example, some of us have bumper stickers that read "*There's no government like no government.*") And, on the surface it seems foolhardy to want to roll both of our main oppressors — Big Government and landlords — into one "Overlord." Ultimately, however, even the anarchists among us would have no problem with geolibertarian utopia, as it would have municipalities acting as competing, private land trusts, with the citizenry as tenants. No libertarian could object to purely private business relations. But, going from the current system to one where municipalities "own" all of the land in their jurisdiction (and everyone in essence leases their land from the municipality), smacks too much of confiscation. I'd be happy just to have the various portions of the rental value returned to their proper owners. And, this could be handled by private brokers, with the government simply contracting out to some assessment agency, and enforcing the law. In any case, each libertarian must decide for himself what amount of government he'd be comfortable having, and then decide whether he'd trust that entity to handle management of the land value tax and rebate system, in addition to street maintenance, police, fire, park service, etc.

14. *"A 100% LVT is an unfair 'taking' from current landowners"*
Perhaps the largest impediment to implementation of George's prescription has been that he advocated no compensation to the current landowners, despite the fact that some may have put much of their labor into buying that land, which would lose all of its locational resale value if that value were taxed away. Many people thought that was blatantly unfair. George saw this as the right thing to do for the same reason that slave owners weren't compensated when their slaves were freed — they didn't have any right to ownership in the first place, and the compensation schemes being talked about amounted to further robbery of taxpayers. (See the next section for the only truly fair, though somewhat impractical, way to handle compensation.) Moreover, anyone who bought the land to use wouldn't be hindered in such use, as their other taxes would decrease in proportion to the increase in their LVT.

John Stuart Mill viewed landowners more sympathetically than did George, and advocated taxing away only the future increases in land value, as did Churchill's Liberal Party (to the tune of 20%), as mentioned earlier. George viewed such moves as the equivalent of a partial freeing of the slaves. Herbert Spencer, late in life, retreated from his earlier quoted, unequivocal stance (his chapter "The Right to the Use of the Earth"), and advocated compensating current landowners. But George emphasized that any compensation from the public treasury would rob hardworking taxpayers just as effectively as their landlords' rents. In his view, justice demanded that the robbery be stopped, and that the robbers *not* be compensated at the further expense of their victims for any loss of investment capital.

The right to life is inconsistent with private property in land

We libertarians often summarize our view of human rights by saying that all rights ultimately boil down to the right to be left alone. But with a finite Earth, and with all of its surface claimed by various individuals, the right to be left alone leads us to an unusual conclusion with regard to land ownership. Libertarians are used to defending the rights of the individual against so-called "rights" of collective society, i.e., we defend the rights of individual taxpayers to not be robbed to pay for other people's housing,

food, health care, education, etc. But in this case, it is the individual landowner, pleading "just leave me and my land alone!", who has transgressed, because he has claimed greater rights than others, and it is he who has not left his fellow man alone. For example, if a family tried to homestead a piece of unused land, the landowner would likely use the power of government to force them off. With the whole Earth privately owned, such a family could be forced off the face of the earth.^{23} Is that being left alone? We commonly accept the notion that "my right to swing my arm ends where your nose begins," but fail to see that one's right to control more than one's equal share of the earth, without compensating the rest of humanity, ends when all of the earth's usable surface is claimed. (And, it's not so much any lack of cheap land to go live on, but the ongoing robbery of taxpayers and creative individual land users by landowners.)

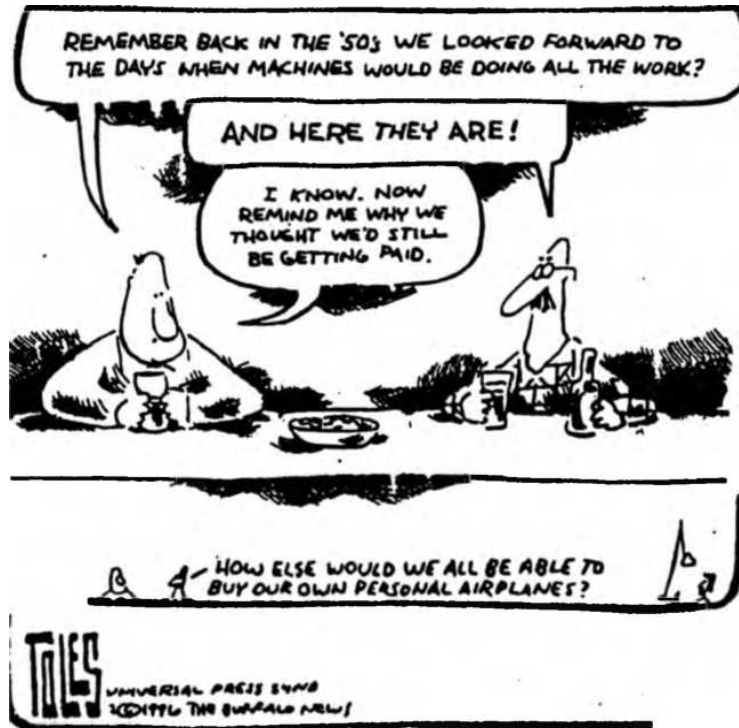
"Ah," you say, "but they can work and save up enough money to either rent or buy some land." True. But to the extent that they must do so, they are slaves, and are paying landowners for the privilege of merely existing. They've exchanged the fruit of their labor for the landowners' deigning to permit them to exist on part of the earth. Does the fact that the current landowners may have had to exchange their labor to buy the land change the essential injustice of the system? It would to some extent, *if* land values were constant over time. (And since land prices began at zero, they'd have to stay at zero to avoid unfairness.) But they're increasing steadily, with each current landowner, on average, getting more out of the deal than he put in, over and above any productive effort on his part. The other side of this bogus coin is that *the current owners didn't pay the proper owners* — those who created or maintain the land's value — only the previous title holders. To ask the taxpayer to compensate current landowners is like someone who bought stolen goods saying he should get compensated *by the rightful owner* for the money he paid for the ill-gotten goods. By right, the current landowner should seek compensation from the previous owner, who should seek it from the previous owner, etc., since they all tended to benefit unfairly from our land policy.

Relatedly, the problem with J.S. Mill's proposed solution, of taking only the future increase in land value, is that it would stabilize the current level of injustice (though it *would* end the practice of land speculation). In other words, it wouldn't return the full value of the land to its rightful owners,

only future increases in that value. And, the previous sales prices of most plots of land are high enough to represent a significant barrier to production now and into the foreseeable future. As such, Mill's proposal would be, at most, a decent starting point. If, on the other hand, a 100% LVT were instituted, the rightful owners would instantly begin receiving their respective portions of the rent, and no individuals would have the government-backed position of "Monopolizer of the Earth and Master of Humanity." All would be equal with regard to their basic human rights — the rights to life, freedom, and the fruits of their own labor.

No "Libertopia" without LVT

Land monopoly may not seem like a problem now, but its insidious nature will become obvious to all when neural network-based robotics technology advances to the point where landowners have little need for human labor, i.e., when intelligent robots can handle all of our manufacturing and repair needs. Henry George reasoned to a similar conclusion way back in 1882 (**Social Problems**, p. 145): "*Were labor-saving invention carried so far that the necessity of labor in the production of wealth were done away with, the result would be that the owners of land could command all the wealth that could be produced, and need not share with labor even what is necessary for its maintenance.*" At that time, those not attractive enough to be kept around as servants and sex toys will find themselves without work and without the option of working for themselves, and therefore completely dependent on government largesse or private charity — much like the French peasants Jefferson lamented about over 200 years ago^{24}. And, if there were no government largesse, riots and civil upheaval would occur long before the masses would allow themselves to be huddled in inner city slums and herded by a military-style police force like a scene out of the futuristic movie "Soylent Green."



TOLES © The Buffalo News. Reprinted with permission of UNIVERSAL PRESS SYNDICATE. All rights reserved.

Also, as will be discussed at greater length later (p.91, "Tax cuts won't help..."), if government weren't robbing us and giving us back a mess of porridge, the landlord class would be getting more from us in rent and land prices, and giving us back sunshine and butterflies. So, if we had the kind of 'free' market the Libertarian Party Platform asks for, landlords would be much better off, and rents would make a much more obvious dent in our wallets. In that case, we probably wouldn't need to wait for the advent of intelligent robots to clearly see the iniquity of our land tenure system.

Is the right to life an absolute?

A fundamental question that one is led to in thinking about rights and land, is the following: *Do all people have an equal right to exist on the earth, or must their parents first provide space for them?* If we have no right to space in which to exist (i.e., a claim on others to "give us our elbow room"), what does it mean to say we have a right to life? Is the "right to life" truly fundamental, as Spencer and everyone else, including you, me and the signers of the Declaration of Independence, have taken it to be? In other words, might there be some realistic circumstances under which we'd wish

to restrict this "right"? Libertarian philosophy is formulated for approximately equal adults, and is fuzzy around the edges of life, for example, the rights of children (or fetuses), the retarded, those with senile dementia, animals, etc. It's about to get even fuzzier.

Clans A and B Let's step back and examine the question carefully. Imagine that the earth has only one continent, which initially is divided into two separate countries, each populated by a separate clan. Call them Clans A and B. Let's say Clan B multiplies, while Clan A stays the same size. Things eventually get crowded in Country B. Do Clan B individuals have any right to go over and begin living on land in Country A? If you take the Rothbardian line, you'd have to say "No, they have to respect the border." Of course, they could offer to buy or rent the land from Clan A. But if A doesn't want to deal, B's only options would be to live in cramped conditions or go to war (and starting a war is a "no-no" for libertarians).

"But," you say, "let's be realistic. Clan A wouldn't be willing to sell off its own country, but would certainly be willing to rent out part of it, especially for the right price." And of course they would. Not only would it be unpatriotic to sell one's country, it'd be stupid besides. Why sell an eternal cash cow, one that'll be there for your children's children's children, unto the thousandth generation? What a good deal they'd get! They and all their descendants could dispense with work and live lives of leisure, obtaining essentially everything they need merely by allowing Clan B individuals to occupy parts of the earth they weren't using anyway. In effect, they'd have made those in Clan B their partial slaves, getting the fruits of Clan B's labor without trading away any of their own, all without the onerous and burdensome aspects of old-fashioned chattel slavery. And as long as Clan B individuals continue to multiply and value land, Clan A individuals will live lives of greater and greater leisure, renting out part of their land at ever-increasing costs. They'd be reaping the unearned benefit of the expansion of "Clan B-kind."^{25}

You may be saying to yourself, "Hey, that's the breaks. Life has its winners and losers. They played according to the rules, and so the outcome must be accepted." But remember, just because they've played the game according to the rules doesn't mean much if the rules themselves are unfair.

But *are* the rules unfair? Clan A individuals might reasonably ask whether Clan B has a right to "overpopulate." They might argue that parents shouldn't bring children into the world if there's no room for them in their own country. But do we really wish to hold as our vision of utopia a world where procreation in excess of replacement levels is not a right but a privilege? In my view, overpopulation would never become a problem if freedom were widespread, because free people tend to limit their number of offspring, and focus more on their own development and happiness (see also p. 105, "Man's future under LVT").

This may seem like a contrived and inappropriate example. But under the current system many of us have a bit of Clan A in us, and most of the world's people are Clan B'ers. Take my brother, for example. He buys and restores old houses and then rents them out. In his capacity as restorer and superintendent, he's a worker, completely entitled to the fruits of his labor. But in his role as landlord, he's benefitting from the efforts of land speculators who're holding out for a higher price and thus impeding the construction of affordable housing. Government meddling also plays a large negative role, with taxes on productivity, and stifling regulations on building construction that almost necessitate bribery in order to get anything built. Acting independently, land speculators, landowners, and government officials behave as if they're in league.

On the other hand, under LVT combined with land value rebate, everyone would get what they deserve. The gifts of Nature would no longer be concentrated in the hands of the few, all humanity would have essentially equal access to the earth's resources, and no one would be robbed of the fruit of their labor. In other words, no one would be hoarding land, using scarcity as a vice to squeeze the lifeblood out of their fellow men (as described earlier by Mark Twain, pp. 21-23).

Anti-Rothbard, *or* the fallacy of Extreme First Use Dogma

Here's a good place to examine more fully the completely untenable nature of any strict "first use" doctrine, such as that espoused by Murray Rothbard. Based on his extensive writings on the subject, one can guess what Rothbard would say about this example: "Clan A's original claim was

invalid because they weren't using all of their land, and Clan B's members had a perfect right to go and use it." But by what criterion would Rothbard propose to judge whether land is being "used"? Would Clan A's putting a fence around a million acres and putting a cow on it to graze constitute "use"? Or what if they chose to call it all a "nature preserve," which they visit occasionally? Who's to say what "use" is? Certainly the people in Country B, crammed into block after block of 20-story tenement buildings, would regard Clan A land as unutilized.

Consider the related but somewhat more realistic first user case, where your great-great-great-great-(etc.) grandparents cleared some land, you inherited it, and now you live on part of it and collect rent from several other families that also use it. Does your ancestors' two weeks' worth of effort, a millennium ago, entitle you and your kin to charge others for access to God's Green Earth, and live off their labor for all eternity? How much labor was required to justify the claim? Would two days' worth suffice? Two hours? Minutes? Seconds? And, is it the effort at transforming the land, or its subsequent use, that confers ownership?^{26} Arbitrariness, thy name is Rothbard!

LVT would bypass the need for the above concern about what constitutes transformation and use, and would end this subtle form of slavery, as everyone, regardless of what occurred last year or last millennium, would pay a yearly rental for the land they use. As an added bonus, it would help cleanse the conscience of America for its current, tainted ownership of land, coming as it did by the forcible or fraudulent dispossession of Native Americans^{27} of their land. For then all Americans, including the descendants of Native Americans, would be equal "owners" of the land.

Approach from chattel slavery

Let's travel back to 1865, and consider the condition of slaves in this country at the conclusion of the War Between the States. They are told by their former masters, "*Now you are free men! You have the same rights as we, and we are brothers, equal before the law. Welcome! But, we own all the land. If you wish to live here, you must accept the wages we offer and pay the rents we ask. This is only fair.*" In fact, the condition of many of the former chattel slaves actually worsened after their emancipation. They were

free to choose their master, but now that master hadn't the social obligation to care for them in their old age, or to care for them at all. It became just a matter of the operation of an impersonal, so-called free market, and the employers had no legal or moral responsibility to care for their "employees" (not that they should, in a truly free market).

And, yes, it's true that some individuals do escape from these conditions and become employers. By the application of hard work, brains, and diligent saving, some individuals do move up and they, also, become "top dogs." But wouldn't it be better to have a system that isn't "dog eat dog"? One that doesn't rob many Peters to pay a few Pauls?

Geo-libertarians view the current system as differing from the feudal one only in that the feudal lords actually had the responsibility of defending their subjects; today's landlords are in an enviable position, where our government has forced the landlords' tenants to pay for the defense of the country as well, via income tax and other taxes on productivity.

Robinson Crusoe analogy

The Robinson Crusoe story is very instructive regarding the morality of land ownership. When Crusoe landed on his island, being the sole human inhabitant, there was no question about his right to use the whole of it. But when Friday washed up on shore, that changed. Shall we adopt the "first use" doctrine, and say that Crusoe, being the "owner," could legitimately demand that Friday get off his island and swim to some other? Could he set any conditions whatsoever on Friday's being allowed to remain there? Could he rightfully demand all of Friday's labor in exchange for allowing Friday to have enough land on which to sleep? Crusoe would certainly be smart not to demand more of his labor than would allow Friday to maintain his own life, because there's no value in a dead slave. But would this or any other of the above-mentioned actions be right?

Murray Rothbard, in analyzing the Crusoe analogy (Part II of **The Ethics of Liberty**), averred that Crusoe could claim ownership only of that portion of the island "*which he, by his labor, brought into production*" (pp.33-34). This may seem, at first glance, like an improvement upon the word "use." But by this logic, hobos could rightfully set up camp in your front yard, because front yards typically don't produce anything. We are unavoidably drawn

back to the question, "Who's to say what 'use' is?" Geo-libertarians would contend that Crusoe must allow Friday as much land as Friday wishes, up to and including 50% of the island's natural value (i.e., not including the value of any improvements Crusoe has made).

Land ownership viewed historically

According to the immemorial customs of people everywhere, only ongoing land use conferred ownership. When someone stopped using land, it reverted to the Commons. Quoting Sir William Blackstone (**Commentaries on the Laws of England, Book the Second – Of the Rights of Things, Chapter I – Of Property, In General**)-.

Thus the ground was in common, and no part of it was the permanent property of any man in particular; yet whoever was in the occupation of any determined spot of it, for rest, for shade, or the like, acquired for the time a sort of ownership, from which it would have been unjust, and contrary to the law of nature, to have driven him by force: but the instant that he quitted the use or occupation of it, another might seize it, without injustice.

This is as it should be, so long as improvements to the land were inconsequential. As discussed earlier, it is a fiction that no matter how little of one's labor one mixes with the soil, one immediately "owns" it forever. Historically, communities in which land was scarce have always drawn a line with regard to such questions, such that only a significant investment of labor guaranteed one's claim, and only so long as the land was actively used. Any such line-drawing is arbitrary and problematic, but the Rothbardian, Libertarian Party position draws the line at an infinitesimal amount of labor, and is thus built on a fiction.

One cannot build sound political philosophy upon fiction. LVT, by contrast, represents a market-adjusted sliding line, which accurately keeps track of the various productive efforts of people in the community, and compensates everyone accordingly.

Shopping malls are analogous to municipal governments

Most libertarians wholeheartedly support the concept of retail merchants making rental payments to shopping mall owners in exchange for the space

and services the latter provide. One can view local municipalities as mall managers: if one likes the services they provide, one chooses to live there and pay the tax (location rent) that they specify. The ability to "vote with one's feet" plays a large role in the success of municipalities in their competition with one another for residents.

Other similarities exist. Failure to pay one's mall rent is legally actionable, just as is failure to pay one's local taxes. And, to the extent that municipal taxes are collected on the basis of the true market value of one's land, irrespective of improvements, they tend to reflect the value of the services received from that government, much as the rent that mall retailers are willing to pay reflects the value they receive from the mall proprietors.

There are also some important differences. Municipalities are political entities, and as such the terms of their "contract" with the residents are subject to change at any moment. (Contracts are much more reliable than constitutions, it seems.) And, municipal leaders don't have any direct, personal financial incentive for providing good service to all their residents. On the contrary, their bread is usually buttered by a few special interests. So, competition among municipal governments currently is tepid at best.

Another important point to make regarding the shopping mall analogy is the relationship between what are known as mall "anchor stores," and the concept of a land value rebate. The success of shopping malls largely rides on the success of the large department stores that serve as their "anchors." Such stores are usually given incentives to locate there, such as reduced rent, or even subsidies. The economics justify such compensations, since these stores are largely what bring people out to the mall, generating the foot traffic that other merchants are willing to pay for. Malls also provide other advantages that downtown locations do not or cannot: clean, well-lit "streets," a safe, enclosed, temperature-controlled environment, and free parking. In fact, many malls are owned by the anchor company, and they recoup their investment, and make a profit, by managing the other retail space whose value they've created. By the same token, individuals, or individual businesses located in municipalities oftentimes generate much more land value than they receive. The most obvious case is a "company town," where the town wouldn't even exist without the business. In such cases, it is the company's investment of capital and labor that created the

town's value, and it should be reimbursed for any land value it has created. Of course, it would tend to come out of the salaries of its employees, in the form of LVT. Such an arrangement would be very inefficient if the town council became antagonistic toward the company, and the company might better manage things by owning the entire area, and offering employees low rent housing in lieu of higher wages. In this respect, it'd be a little government unto itself, and would succeed or fail depending on how well it satisfied its customers, its own workers.

LVT is the natural way to pay for government This close analogy with shopping malls points up the fact that LVT is the, *natural* way to pay for valid government services. Thomas Shearman, the Georgist who coined the phrase "Single Tax," which Henry George came to accept as the banner and rallying cry for his proposed remedy, authored a book in 1915 entitled **Natural Taxation: An Inquiry into the Practicability, Justice and Effects of a Scientific and Natural Method of Taxation**. In it, Shearman made the argument that ground-rent taxation — a taxing power delegated from government to landlords — and that nothing could be more just than to have "a tax on taxation" to pay for the expenses of government.

One final point, regarding the use of eminent domain by cities, and its relation to shopping malls. Who'd want to rent space at a mall that has big, empty spaces collecting trash? Cities have to contend with land speculators who keep land vacant or greatly underutilized (e.g., surface parking lots), while waiting for the sale price to, as Churchill expressed it, "ripen." And by the same token, who'd want to lease space at a mall if the rent were a percentage of gross rather than a flat rate? Cities depend on sales and income taxes for much of their revenue, and they'd do much better if they followed the lead of malls, and collected a rent based on the site value. The current incentive structure is such that cities tend to retain businesses that don't do much volume selling, and people that have low incomes. And, if cities had LVT, they wouldn't need to resort to eminent domain, zoning restrictions, and crass political favoritism to counteract the harm done by speculators: the economic incentives would handle it automatically.

The argument from pragmatism

"Tax manufactures, and the effect is to check manufacturing; tax commerce, and the effect is to prevent exchange; tax capital, and the effect is to drive it away. But the whole value of land may be taken in taxation, and the only effect will be to stimulate industry, to open new opportunities to capital, and to increase the production of wealth." (Henry George, **Progress and Poverty**, Book VIII, Chapter 3)

We libertarians believe that, ultimately, the moral is the practical. So if our current system is, as I'm claiming, immoral — three-fold robbery (see the end of the section, "Short primer on land economics") — then there must be bad consequences. What are they? We've already gotten a taste of them from Churchill's speech. Examples still abound — vacant land in and around major cities, the high cost of land for our homes, suburban sprawl, the incredibly tight job market, a multitude of taxes on productive behavior, and the nonsensical belief that we have "too many people and not enough jobs," when, as George pointed out, "every mouth comes into the world with two hands."

Focusing on the first problem, why would prime city land be idled for decades? Quoting George (**Social Problems**, p. 126): *"The invisible barrier but for which buildings would rise and the city would spread, is the high price of land, a price that increases the more certainly it is seen that a growing population needs the land. Thus the stronger the incentive to use the land, the higher the barrier that arises against its use."* Add to that our irrational taxes on all manner of productivity, not to mention bureaucratic red-tape, and the barriers to building become insurmountable.

Regarding "suburban sprawl," here's a quote from a long feature article which appeared in the August, 1960 issue of **House and Home Magazine**. *"Suburban sprawl, in brief 1) costs billions of dollars a year, 2) blights millions of acres of countryside, and 3) makes homeowners waste millions of hours and millions of gallons of gas to get home to homes whose land cost they can afford."* And now, almost 40 years later, suburban sprawl is the topic du jour, and governments at all levels are talking about "regionalism," "green development," and "smart growth." Only geo-libertarian solutions get to the root of the problem, however.

We should be a lot wealthier than we are, and it is not, as I used to think, all because Big Government interferes with the market economy. Our current system of land ownership is analogous to us choking ourselves — the stronger we get, the more we cut off our own oxygen. We just can't make much headway.

In fact, this analogy of us choking ourselves can fruitfully be carried even further. Eventually, someone choking himself will pass out, release his grip, recover, and begin the process again. It's cyclical. And, in fact, Henry George laid the blame for the boom and bust economic cycles of the 19th century squarely at the foot of our land policy. The subtitle of his **Progress and Poverty** began as follows: "An Inquiry In to the Cause of Industrial Depressions." We've seen the same boom and bust cycle activity recently in California, after the passage in 1978 of Proposition 13, which capped property taxes at 1% of assessed value, rolled back assessments to 1975-6 values, limited property tax increases to 2% a year (even if the property was found to be grossly under-assessed), and allowed reassessments only when ownership changed. Buoyed by the prospect of high profits, Japanese and other investors bought a tremendous amount of California land, prices skyrocketed, and went bust in the early 1990s as the speculative bubble burst, and the properties weren't able to sustain the loans. (To learn more, see the article "Landing In Trouble," which appeared in **Practical Politics**:29 (July, 1992)— available on the web at: <http://www.landvaluetax.org/booms1mp.htm>.)

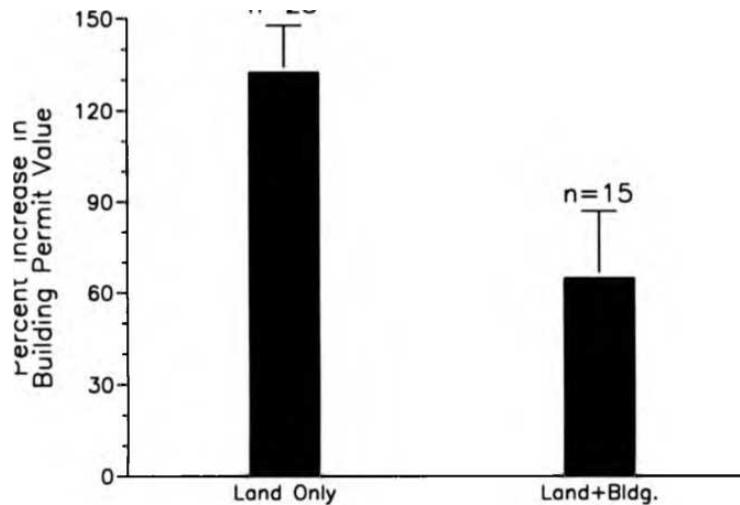
Land speculation, unlike other speculation, is inherently bad Whereas speculation in commodities can be good, since it preserves them for use by those who value them most, "preserving" land, i.e., keeping it idle, just means it is being wasted, since land can't ordinarily be "used up." What good possibly comes from a land speculator refusing to sell a plot of vacant, inner city land to someone who has an idea of how to use it effectively?

LVT is inherently good Taxing the utilization of the earth's resources could ameliorate the harm in two ways. It could fund the valid functions of government at all levels, thus taking the tax burden off production, and would deter speculative land grabbing and its attendant rent-seeking behavior, while ensuring the most fair and productive use of the earth. To see the latter, consider a tax on land value, or, as Thomas Paine put it,

"community collection of ground-rents." By placing a user fee on land that changes with changing land valuation, those holding it idle, or underutilized, would be losing money. Ideally, the amount of the tax would be determined by a competitive market, so that every person could bid on various parcels of land, and the land value tax would reflect the bids. (See p. 101, "How would land values be assessed?") Land would then be assessed such that it would tend to be controlled by the person best able to put it to its most productive use. Downtown land would be in great demand, and therefore would command a high rent, while farmland way out in the boondocks would likely be valued only by the current owners, and the rent would be minimal. (Reality would impose its own, transportation-related costs upon those who choose to live in the boondocks, such as higher costs of food, utilities, and services, such as private mail delivery. Unfortunately, most of these are subsidized by our well-meaning, but ignorant government.) Can you name any other "tax" that has solely positive, rather than negative, consequences?

Secondary benefits from a more rational tax structure and the end of land hogging include: 1) more labor intensive use of farmland (which lends itself naturally to organic farming, and preservation of the soil), 2) less suburban sprawl, 3) revitalization of cities, and 4) lower housing costs.

Finally, I should point out that in many places around the world (see Andelson's **Land Value Taxation Around the World**), and in at least 17 U.S. cities, property taxes have been shifted from falling equally on land and buildings, to falling more heavily on land (some Australian and New Zealand municipalities have it entirely on land), with impressive consequences. The rate of new construction increased dramatically (and highly significantly) over that of matched controls (see the following figure, which plots means and standard deviations), and their homes and office buildings are much better maintained. I hasten to add that such inner-city construction is generally accompanied by *less* development in the suburbs. (Some people naively think that LVT would lead to the entire earth's surface being built up with skyscrapers, since "there's an incentive to make all land productive." It merely ensures that we'll use land in the most efficient, economical way. We have no use for that many skyscrapers! But we do value green space, parks in our cities, hiking and biking trails, etc.)



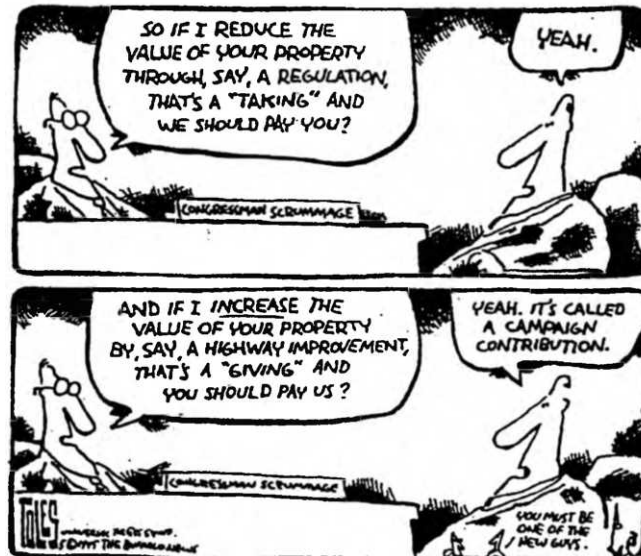
Property Tax Structure in Cities in Metropolitan Melbourne, Australia

The rude guest analogy

Imagine that someone shows up at a party you're giving and single-handedly eats all of the food. Or even worse, that he stands in front of it and tries to charge others for access to it. You tell him, "Hey, this food is for everyone, and not just for you to pig out on!" Such behavior is not only rude, but, if applied to the gifts of Nature, immoral. To the extent that Nature's gifts come pre-packaged, together with the extent to which scarcity exists, justice demands that the community impose user fees.

Henry George used similar examples, of people trying to monopolize a banquet, or a theater performance, or the seats of a railroad car, using as a justification the fact that they arrived first. Robert Ingersoll, the famed 19th century atheist, during one of his speeches, used as an example of monopolization someone coming to his lecture and pretending to occupy 50 or more seats by himself (see *Liberty and the Great Libertarians*, p. 290). (He also mentioned that people would bottle the air if they could, charge others for it, and allow millions to die if they couldn't afford it.)

The reverse "takings" argument Most libertarians would agree with the Constitutional provision that, when government invokes eminent domain to confiscate privately owned land, it must compensate the owners.



TOLES © The Buffalo News. Reprinted with permission of UNIVERSAL PRESS SYNDICATE. All rights reserved.

Likewise, when the community regulates land use in a way which detracts from its value, that constitutes a "taking" that should be compensated. But what of the reverse? When the community does something that increases the value of an individual's property, such as building a new airport that sends property values on the site skyrocketing, should the windfall profits belong to the community, or to the few individual landowners who happen to greatly benefit? When a new expressway goes in, and land prices by the exit ramps increase many fold, do not those who created the extra value, i. e., the taxpaying community as a whole, deserve it? In fact, isn't the current system ripe for (and rife with) corruption, because those individual landowners stand to gain a lot by bribing government officials to act in a way which increases the value of their land? (Economists have a revealing name for this behavior: "rent-seeking.") Would not such perverse incentives and wasteful behavior disappear if the added value were taken by the level of government which created it? And even in an anarchy populated entirely by honest people, how would those who jointly fund such large scale projects handle the unequal benefits, or even do the calculation, without a land value rental payment (tax)? LVT, combined with land value rebates, would provide the only market mechanism by which to determine and fairly redistribute the value gained by each site. So, LVT wins both on moral and practical grounds, as do all genuine libertarian arguments.

Tax cuts won't help non-landowners if there's no LVT

A final argument in favor of LVT that should get every libertarian's attention is that most people will only be helped temporarily by tax cuts unless LVT is also implemented. More specifically, people will only be helped to the extent that they're landowners: the less land one owns, the more temporary the benefit. Of the three factors of production—land, labor and capital —the latter two eventually benefit not at all from tax cuts. (This was mentioned at the end of the section on J.S. Mill, and Twain discussed it at length.) Why? Because both labor and capital need land to create wealth. (In fact, labor and land may be viewed as the *only* factors of production, as capital can readily be created by labor — intellectual and physical — if it has access to land.) And if land is monopolized by the few, they will inevitably end up with most of the produce of the many simply by, as Twain pointed out, having rents driven ever upward by competition between people who increasingly have more to spend — i.e., more created wealth to trade. But who thinks to complain about high rents, especially when other things are coming down in price? We shrug our shoulders and think, "That's just the free market at work." I hope, though, after having read this far, you won't think it a 'free' market any longer.

I know a secretary who spends half of her salary on rent, for a two-bedroom apartment in a not-so-nice part of town. A woman who works in my lab was paying almost three-quarters of her salary toward rent in a high security building in a nice part of town. Everything else comes down in price. Why not rent? Are the building trades impervious to innovation and cost-cutting?

If we eliminate the IRS and the income tax, only landowners will, in the end, see much in the way of extra spending cash and a higher standard of living. (For example, the income tax cuts during the Kennedy years were "mopped up by the land monopolists, through an increase in the capitalization of land values" — see p. 127 of Harrison's book). If we eliminate all sales taxes, rents will only go higher faster, like those of the working class Londoners who had to walk to work across the Thames, as described by Churchill.

Adam Smith noted, for example, that taxes on wages or products necessary for life would ultimately be borne by landlords, as both reduce the ability of

all workers to pay rent (**Wealth of Nations**, *Vii.i.2*: "Taxes upon the Wages of Labour"; *V.iii.k.5*: "Taxes upon Consumable Commodities"). One can't squeeze blood out of a turnip. Conversely, reductions in such taxes will accrue ultimately to landlords. Note that these facts are logical corollaries of the very first statement of Smith's I quoted, back on p. 18, that "*the rent of land... is naturally a monopoly price.*"

It boils down to this: If the government doesn't take it from you, your landlord will. But, if there's LVT, he'll have to give it right back.

How much harm comes from land monopoly vs. Big Government?

This point about landlords and our governmental overlords competing to rob us has some interesting aspects to it. First of all, it's ironic that land monopoly, which gave our form of capitalism its vicious nature, wasn't touched by the Progressive Movement. They went after the capitalists' freedom and property instead, with anti-trust legislation, child labor laws, pro-union legislation, and the income and personal property tax. "Always attack the symptoms, never the cause" should've been their motto. Even Henry George's son, as a member of the U.S. Congress (1911-1915), worked to establish the income tax. Part of the Georgist rationale was to take back part of the "unearned increment" from landlords and others whose fortunes were swelled by monopoly privilege. The wages of the masses were not to be touched, and, initially, were essentially exempt. But how quickly *that* intention was subverted! (For a fascinating description of the political forces at play in the early years of the income tax, and the important role played by Single Taxers, see Brownlee's article, "*Wilson and Financing the Modern State: The Revenue Act of 1916.*")

Secondly, I've often wondered what's the cause of more of our problems, land monopoly or Big Government. One way to judge is by how much of the fruits of our labor they rob us. According to the calculations of Dr. Steven Cord (see Harrison's book, p. 201), total U.S. land rent (that from use of all natural resources, including the airwaves) would, in 1982, have yielded an amount almost twice that spent by government at all levels. Figuring in the growth of government spending since 1982, and the compliance costs regarding government regulation, etc., it seems reasonable

to conclude that the total land rent approximately equals the current, high cost of government. So, the twin evils of land monopoly and Big Government may be viewed as roughly equal culprits in diminishing our standard of living, if not our freedom. (One has to give the nod to Big Government on the diminishing freedom front; it's a bit hard to compare sitting in jail over marijuana possession with mere economic distress. But both are destroyers of human life.)

LVT tracks well with the level of government service provided

As indicated by the earlier analogy with shopping malls, one may think of LVT as the rent one pays to the community for the amenities it provides. The better the government, the more people want to live in a place, the higher the land prices, and the more land rent the community collects. The incentives are in the proper place. Taxes on productivity, on the other hand, not only don't correlate positively with the level of government service, they sometimes correlate negatively. Take sales taxes (please!). If government, for example, doesn't keep the streets paved properly, pot holes can damage one's car, leading to repair work or even the purchase of a new car, both of which are taxed. Sales tax revenues thus increase, rewarding government for a job poorly done. And vice-versa — if government keeps the roads in good shape, it gets less in the way of car-related sales tax. Not so with land value tax. The same holds true for anything government does that you can do for yourself— schooling, home security, you name it. If they don't do it right (education, keeping criminals locked up, etc.), they get more money from you when you have to pay sales tax in hiring others to do the job right. The incentives are all wrong.

But the community recognition of land titles provides us with something more valuable than any of the amenities one normally associates with local government. Namely, it discourages potential thieves from killing you and moving into your house. We never think of the benefits of land titles in those terms because such an event is currently unthinkable. But what *makes* it unthinkable is that no one could get away with it. Land titles are a trump card. Criminals might claim they bought the house and that you left town quietly in the middle of the night. The lack of a title transfer might be the only thing that proves the lie. Police may be useless against theft of

moveables (after burglaries, they take a report mostly for insurance purposes), but are quite good at protecting one's land title and house, since time is not of the essence —one can't take the land anywhere, and houses are rather difficult to move.

LVT accords with Adam Smith's four maxims of "good" taxation

Smith specified four general criterion that a good and fair tax should meet

(**Wealth of Nations**, *V.ii.b*). LVT meets them quite well.

15. *it is fair* (since valid government expenditures attach to land, one gets what one pays for and pays for what one gets)

16. *it is equitable* (since one cannot hide land, the tax is impossible to avoid, and so will be administered equally to all)

17. *it isn't difficult to comply with* (there's no paperwork as with sales and income taxes)

18. it isn't costly to administer (land is easy to value)

Geo-libertarian Proposals for Change

How would LVT work?

Several points need to be made almost simultaneously, before getting into details. First of all, LVT would be voluntary, because secession from the municipality would be an option. One possibility might be to allow this on an individual basis: by refusing to pay the community ground-rent, one would become an "outlaw," with unprotected land title, and without any of the other excludable^{28} amenities of the community. Would any sane person choose such an option in a productive society where incomes are high and land value taxes are low? A second possibility would be for people to band together and secede as a group (what Dr. Fred Foldvary calls "geographic secession" as distinct from individual secession), taking over the provision of their own services, and paying back to the larger jurisdiction any excess value it has taken, or continue paying some rent for whatever services it still receives (see the final chapter of Foldvary's **Public Goods and Private Communities** for more on such "exit options"). A third possibility is for people to petition for a recall election of the current administration, and offer up for popular vote a different government or even a different form of government. The idea here is to engineer a means for peaceful revolution and orderly overthrow. Whatever course people decide to take, the main idea behind any secession option is to promote competition for municipal control.

A second point about LVT, and one that is lost on some people initially, is that two identical, adjacent lots, one vacant and one containing a skyscraper, would have the same rent; *there is no penalty for being productive*.

A third point — a reminder from Chapter 2 about what LVT is *not* — is that it's not just an arbitrary percentage of the value of land. It's the market-driven, yearly site rental value.

Most libertarians distrust any and all government entities. For this reason, I and many geo-libertarians favor a Jeffersonian-style municipality-based approach^{29}, i.e., local control of everything — hierarchical levels of governance, with municipalities dealing with counties, counties dealing with states, and states dealing with the federal government, each with the right of secession, and with individuals having the right to secede from their municipality. Each level would control the funding of the next higher level of government. There'd be competition among municipalities to attract productive people, forcing them to conduct their affairs wisely; there'd be a marketplace of places to live. Yet another advantage of municipal administration is that individuals can exert the most control there; one's neighbors are also one's government officials. Municipalities might even tie their government officials' salaries to their performance, and run government more like a business (including personal financial liability of officials for bad administrative choices).

This structure, together with a wide dissemination of knowledge about assessments and proper assessment techniques, would tend to mitigate any government mismanagement. With only one tax, even if everyone couldn't become an expert, everyone would understand its principles and purpose.

Due to the easy ability to "vote with your feet" in such a system, or the possibility of recall elections and the formation of rival governments, government officials would get immediate feedback on both their assessments and services: vacancies indicate that assessments are too high for the quality of services rendered; increased bidding on land rentals would indicate that assessments are too low.

As to what should be done with the ground-rent collected, the answer is clear: apportion it according to who created it, with Nature-created value going to everyone equally. To the extent that land becomes freely available, there'd be little natural value associated with it^{30}, and any Citizen's Dividend would tend to come from mineral extraction fees, broadcast spectrum rental fees, pollution privileges, etc. Such fees would be collected and placed in a National Citizen's Trust Fund, for periodic (monthly or yearly) distribution to all citizens. And, as mentioned many times before, value created by various levels of government should go to them, and value created by individuals should go to them in the form of land value rebates.

Just how much land value tax or rebate attaches to each piece of property would be a matter of scientific calculation, not political pull. Such cost-benefit analyses have been performed routinely for years, for example, by shopping mall managers: they determine precisely which businesses bring in the most customers, and which mix of businesses generates the greatest site value (which they then collect as rents from the various retail merchants).

Getting from here to there

So, we want to go from our present system, where most taxes fall on productivity, to one where they fall entirely on rental of land and other natural resources. And, I'm also proposing a radical shift in the power structure, toward what existed under the original Constitution (prior to the 14th Amendment), where the federal government did not have direct contact with individual citizens, but only the states.

As a believer in the wisdom of incremental change in large scale social structures, I imagine these things happening in several small steps. The first, and one which has already been taken in many parts of the world, including 17 cities here in Pennsylvania, is a property tax shift, with the tax rate on land going up, and that on buildings going down. Since property taxes are entirely local, this wouldn't involve a shift in the power structure between local, state, and national government. Once implemented, its great success in promoting economic development and more rational and effective land use would enable further tax shifts, as well as shifts in the structure of governance. Thus, the second step could be a gradual shift of all sales taxes onto land values, with cooperation from state government, as sales taxes are one of its primary sources of revenue. A third step could be to shift income taxes onto land, which would require both state and national cooperation.

As mentioned earlier, Steven Cord's calculations, as well as theoretical considerations, indicate that the land can support such a level of taxation. At the same time, the need for much of the government "safety net" would decline: the reduction of taxes on productivity would result in increased production, greater job opportunities, and a more fair and equitable distribution of the fruits of labor; the increase in land taxation would put an end to land speculation and its concomitant waste of human energy (with

suburban sprawl, rent-seeking behavior, government boondoggles, etc.). Also, assuming that a more libertarian government would exist, we'd no longer be supporting the highly immoral and costly "War on Drugs," and could eliminate many federal agencies, such as the DEA and the BATF, along with their state-level counterparts, further reducing the size and expense of government.

Where's the "there" I'd like to see us get to? Libertopia, of course—a land of freedom and justice for all. We'd pay LVT to, or get a land value rebate from, our local municipality. From that rent would be paid our local government services. Our municipality would send representatives and financial support to county or state government, which, in turn, would send representatives and payment to the federal government. County and state governments wouldn't do much (coordinate between municipalities about roads and other infrastructure, manage state parks and game preserves, etc.), and could meet on a part-time basis (for county government), or one month out of the year (state level). As to the federal government, since it's a monopoly, and not subject to the same sort of competitive pressures as municipalities (voting with one's feet), we'd have to keep a watchful eye on its spending. But, since its functions would be strictly limited to those spelled out in the Constitution, that would be a lot easier than is currently the case.

Ideally, everything that government does, at all levels, would enhance land values to such an extent as to pay for itself. Indeed, once LVT is adopted, even at the merely local level, i.e., involving only a shift in property taxes off of improvements and onto land, the need for the federal leviathan would begin to diminish, as land would be freed up for more economically useful roles in the cities, raising wage levels, etc. We'd have to be vigilant against the federal government, buoyed by surpluses of income tax revenue, expanding out into other socialistic functions.

Each municipal bureaucracy would have one immediate goal: collect the entire ground-rent. We'd all still be "gouged" as renters, but we'd get most of it right back, as either Citizen's Dividends, genuine public benefits, or individual rebates.

How would land values be assessed?

This is really two separate questions: one is how land values are assessed (ideally) under our current system, and the second is how they can be assessed once a 100% LVT is in place, and the sale price of land has, by and large, gone to zero.

Let's start with how land prices are presently determined. First of all, it should be pointed out that land values *are* currently assessed separately from buildings in many locales. If you're a home owner, you may notice on your tax statement that there are separate values indicated for your land and your house. Most municipalities tax both the same, mooting the distinction, but some places, such as the city of Pittsburgh, tax land more heavily (a good thing, of course!), as a result of Georgist political activism throughout the 20th century.

So, how do assessors know how much a plot of land is worth, especially when it has a building on it? (Remember, Adam Smith said that it shouldn't be hard to separate these values, and he was right, as usual.) Assessors use several bits of information taken from the surrounding area: 1) sale prices of vacant lots, 2) land lease rates, 3) sale prices of lots whose building is subsequently torn down to make way for new construction (one simply adds the cost of demolition to the selling price), 4) sale prices of comparable buildings in different locations (the difference can be attributed entirely to the greater location value of the more expensive property) and, relatedly, 5) rental prices of comparable space (for living, office, retail, industrial, or other use) in buildings in different locations.

So, for example, let's say a house in a poor neighborhood sells for \$50,000, and that an equivalent house in an affluent neighborhood sells for \$250,000. One immediately knows that the value of the land on which the second house sits is about \$200,000 — that amount, plus the value of the land of the first house. In general, this is the type of calculation one must do to separate the land and building values.

But what happens when we start taxing away land values, such that little or no capitalized value remains? We'd no longer have sale prices for vacant lots, and the sale prices of homes would be entirely comparable in various neighborhoods — one's land rent would simply be much higher in a desirable neighborhood, just as retailers pay higher rent for high traffic

locations than for ones off the beaten path. In that happy future, as mentioned in the previous section, the goal of municipalities will be to maximize rent, just as successful shopping malls, industrial parks, trailer parks, hotels, motels, etc. currently do. If there's vacant land in their district, that tells them those particular rents are too high. If there's intense bidding in certain areas, they know the rents there need to come up. Tons of data will be available for estimating such rents, and the above would serve as indicators that one's estimate is off a bit. The ideal is to have all the land rented out and drawing the maximum rent. (Of course, each community will also have common spaces set aside for recreational purposes, since such amenities will attract people and generate higher rents on surrounding land.) Since there'll inevitably be a gradual transition to a 100% LVT, the land value assessment process will gradually shift as well, taking as its starting point the current assessments and assessment mechanisms.

Certain principles would be observed under a 100% LVT. First, government would be kept out of the market as much as possible. Bids on occupied land (binding offers made for land and building) would be made via market mechanisms (i.e., real estate brokers) operating through a municipal land assessment office (for data-gathering and title transfer purposes only). Information about buildings, such as square footage, state of the interior, etc., could be provided by the owner, or simply estimated by the assessors, as is currently done. Such information would facilitate accurate assessment. Provision of such information wouldn't be absolutely necessary — assessors could simply look at bid prices on those properties, and keep raising land rents until some of the property starts going vacant, or, more likely, until the owners start screaming. But since people don't want to have to start screaming, they'd have an incentive to provide accurate information to the assessors.

Now, lest the possibility of such screaming alarm you, remember that this is local government we're talking about—small and friendly municipal wards, where the bureaucrats you deal with have to look at you, their neighbor, face to face every day. Everyone would have access to the assessed values of land all over town, and, in fact, all over the country. Since municipalities would be in competition with each other and their administrations would be subject to recall election at any time, they'd have an incentive to keep their residents as happy as possible, and would find the best assessment formulae

they could, determined through market competition, and would publicize their methods for all to see. Real estate agents, who would broker the market, would know which communities do a good job of assessing, which ones are best run, offering the best amenities, and thus which are the best places to live. Remember, with LVT (i.e., *all* "taxation") administered at the municipal level, good government would be rewarded with higher revenues, and bad government punished by people voting with their feet, and moving out. But that would soon become a thing of the past, as communities would quickly learn from each other, and evolve harmoniously.

And, as mentioned above, without all the other taxes to consider (income, sales, business, personal property, amusement, inheritance, capital gains, etc.), we'd become a nation of LVT experts. All the information could be available over the Internet, and one could walk down any street, and know what the land values were assessed at. If you felt that some area were under-assessed, you could make a bid on the property, since it would represent a good value. Such market incentives would insure that the assessments would quickly settle in at their true value.

How do we guarantee security of improvements?

Many unconvinced libertarians ask questions of the nature, "What happens to the elderly couple who have a home in an area that is becoming more and more commercial, and their land value and rent rises to a point where they can no longer afford to live there?" No one wants to buy their house (in fact, their home will likely be demolished to make way for a commercial structure, once the couple relinquishes their land lease), and the homeowners will therefore lose its entire value. The answer is that in a geolibertarian world, people would buy insurance to cover such cases. Those who live in high risk areas would pay high premiums. And insurance agents would be reluctant to sell insurance to people who wished to "build in the path of progress," and would certainly charge more for such risky behavior. Building in the path of progress (unless you are part of that progress) would be viewed equally as risky as building in the path of hurricanes.

Man's future under LVT

Having a single tax, on land values, doesn't guarantee that none would be poor. Such people would, however, for the foreseeable future, be able to find free land for homesteading, and could build their own life, limited only by their own ability and initiative. Some money would be available "for free," as the Citizen's Dividend, though I doubt it'd be sufficient to provide a living. But if LVT were instituted, most speculators would abandon their land, knowing it'll never earn them a dollar without their actually having to use it to produce something of value. Many people would relocate back into cities, as the slums and welfare state disappear, owing to immense job creation and the freeing of the productive powers of humanity. Vacant lots would be utilized, and cities would develop rationally, without the wasteful phenomenon of suburban sprawl. And much of the earth would again be available for homesteading, which would act to set a natural minimum wage. In other words, if people weren't satisfied with the wages they were offered, they could always say, "take this job and shove it," and do the homestead thing. Or simply move to the outskirts of a city, where land rents would be extremely low, and try to go into business for themselves. Additionally, if we enact the rest of the Libertarian Party Platform, and get rid of the many wealth transfer activities of government (i.e., robbing Peter to give to Paul), we'll have gone a long way toward having a fair and efficient economic system.

Possible limitation of reproductive rights? It's my opinion that mankind's numbers will plateau when we've reached a certain average comfort (or discomfort) level, long before pandemic disease and starvation overtake us. And while "over-population" could occur under any system, some might argue that people would tend to have more children if life were more beautiful, which I believe it would be under LVT. Also, with more of the earth's surface freely available, there would be fewer roadblocks to human population growth. And so, while we'd all be happier and healthier, and living more compactly in cities, there might be more of us than under any other system. As Harvey Fierstein might whine, "*Is that so wro-ong?*" If we were to multiply to number in the hundreds of billions, and all land were brought into intensive use, then at that time the heretofore assumed "right" to reproduce beyond replacement levels might reasonably be called into question, being considered aggression against the living. Looking back at the "Clan A/Clan B" example, in this case Clan A (or individual families)

might reasonably tell others that their borders are inviolable, the needs of the rest of crowded mankind be damned. "We didn't tell you to overpopulate your own country (family plot)! You made your bed, now lie in it!" So, it seems that the "right" of couples to have more than two children may not be an absolute, and people may, conceivably, one day trade "reproductive rights" on the open market, much as industries now trade "pollution rights." (Maybe you're one who remembers that old Star Trek episode where a planet was so jam-packed with people that the starship Enterprise seemed sinfully spacious by comparison — a *very* unpleasant situation!) I seriously doubt that we'd get to that point, though, since all evidence suggests that people who have freedom, economic opportunity, and education, seldom desire more than two children, if that many.

Setting aside unrealistic fears of future population horrors, let me now quote a 1979 article by David Hapgood from *The New Republic*, which represents the hope of all geo-libertarians:

With surprisingly little updating, Henry George, the self-taught American oddball, provides what could be a common platform for people now found at opposite ends of the ideological spectrum. Libertarians and socialists might both find attractive a doctrine that prizes equally the libertarian cause of freedom and the socialist cause of equity. Economic democracy is an attractive ideal that, as offered in our times, usually has come in a package that includes the prospect of bureaucratic tyranny. Henry George's social contract suggests a way to get from here to there with less, not more, governmental control over our working lives.

What Geo-Libertarians propose

All geo-libertarians share the goal of creating a society based on equal freedom and justice for all. Like all libertarians, we'd like to see the end of the coercive welfare state. But we realize that there's a proper order to change: before removing the social safety net, we'd like first to correct the structural flaw which caused the problems which led to the Progressive Movement and the formation of that safety net.

Here's what geo-libertarian Hanno Beck says on that subject from his "Freedom Links" website (<http://www.progress.org/freedom/>):

Progressive libertarians tend to give priority to alleviating poverty, by cutting corporate welfare and removing other government-created problems that cause

poverty - rather than first cutting the social safety net. With such government-created problems removed, there will then be more job creation, higher wages, and lower prices.

Fewer people would then need welfare programs. But progressive libertarians tend to favor maintaining a government-sponsored social safety net if necessary, until such time as the non-government sector is able to handle the safety net.

Here's the mission statement of one of the Georgist groups to which many geo-libertarians belong, called "Common Ground-U.S.A.":

Common Ground-U.S.A. is dedicated to the principle that all persons have equal and common rights in the earth and its resources and each individual has an exclusive right to the income from his or her own labor and capital investment. Therefore, we are committed to reducing and replacing taxes on labor, capital, and wealth, and to using the value of land and other natural resources to pay for essential governmental services. We believe this to be essential to the attainment of liberty, justice, and economic opportunity for all.

Here's a quote from Dan Sullivan's "Geolibertarian" web site:

We are libertarians who make the classical liberal distinction between land, labor and capital. We believe in the private possession of land without interference from the state, but in the community collection of land rent to prevent monopolization of land.

We believe that all government activities should at least be limited to those which increase the value of land by more than what the government collects, and that government should be funded entirely from the land value increases it creates.

We oppose direct state monopolization of land as well as state-sanctioned private monopolization of land, and advocate that state and federally held land pay land rent to the communities the same as private land.

We advocate that government be allowed to spend only what is authorized by voter referendum or similar device and that it take for itself the minimum it is authorized to spend. Those who advocate collection of the full rent stipulate that the proceeds be divided among community members on a per-capita or similar basis, for the land, and the rent, belong to the people, not the state.

We condemn the taxation of property improvements, and of all activities, productive, consumptive, or recreational, as invasions by the state into the private affairs of free individuals.

Toward the end of achieving liberty and justice for all, there are some incremental changes that all geo-libertarians would like to help bring about.

Modify the Libertarian Party Platform Murray Rothbard, and to a lesser extent some other economists of the Austrian School, stand alone in opposition to three centuries of libertarian thought, in maintaining what I've called "extreme first use dogma" regarding land. Nevertheless, the Rothbardian view is the one firmly entrenched in the National Platform of the Libertarian Party. (This is not surprising, given that Rothbard served on the Platform Committee in the mid-1970s when it largely assumed its current form — personal communication from Don Emsberger.) For example, in Part I, Section 11 (1996 version, The Right to Property): "*We demand an end to the taxation of privately owned real property, which actually makes the State the owner of all lands...*", II. 2. (Taxation) "*We...support the eventual repeal of all taxation...No tax can ever be fair, simple, or neutral to the free market.*" Other examples may be found, but these are the most immediately relevant. I hope that this essay has demonstrated, through quotes from libertarians ranging from Locke, Smith, Paine and Jefferson through Bastiat, Spencer, George and Nock, that a tax on land values is the only practical way to ensure economic justice for all people — guaranteeing them equal access to land and assuring them the full fruits of their own labor. I suggest the following platform additions:

Because the right to life necessitates a right to land on which to live and from which to make a living, every adult citizen has a right to an equivalent share of the nation's land. Governments should no longer support the individual monopoly of the nation's land. A tax on the net site value of land, levied at the municipal level, is the fairest and most straightforward way to break that monopoly and guarantee those individual rights. Severance taxes will also be placed on the extraction of minerals from the earth, and market-driven user fees will be charged for the use of the broadcast spectrum. Fees will also be charged for air and water pollution privileges, whose value will increase as the pollution caps are lowered. The proceeds from these fees will be placed in a National Citizen's Trust Fund and distributed on a per capita basis. The portions of land rent created by individuals, and by local, state and federal governments should go to them. To not charge such user fees and rents is to grant some, the landowners, privileged and unequal status as lords of their fellow men.

On Taxation: All adults are, individually, the proper owners of themselves and all the fruits of their labor, both mental and physical. Therefore, we

demand an end to all direct and indirect forms of taxation on labor, and advocate instead taxes on the use of natural resources, such as one-time severance taxes on minerals extracted from the earth, yearly rental payments for broadcast use of the electromagnetic spectrum, and a tax on the site value of land. The latter tax is to be levied at the municipal level, so as to insure that market forces will regulate land value assessments. The natural value (i.e., value independent of any improvements made) of all national resources shall be totaled up yearly and distributed equally to all citizens as a "Citizen's Dividend. "

Work to shift taxes off of production and onto land values One productive step Georgists have taken over the past 100 years has been to shift property taxes off of improvements (buildings) and onto the location value of land (for its effectiveness, see graph on p.89). Libertarians will naturally want to champion such shifts as well, and try to extend them, such that income taxes, sales taxes, etc., are shifted onto the rent of land and other natural resources.

Encourage the encouraging development of proprietary communities A growing trend in the real estate industry has been the development of proprietary communities under unified ownership and management (contractual governance), such as trailer parks, industrial parks, condominium associations, homeowner's associations, shopping malls, and even planned communities (e.g., Walt Disney World; Reston, Virginia; Columbia, Maryland), where occupants lease space rather than own it. Such communities provide security, utilities, trash removal, public and private spaces, rules of conduct, etc., i.e., all those things that most people assume only (coercive) government can provide. Unified ownership makes management efficient and profit-oriented. The contractual nature of the leases and ease of exit is conducive of customer satisfaction. Such trends and their significance have been lucidly discussed by Spencer Heath MacCallum (**The Art of Community**) and Fred Foldvary (**Public Goods and Private Communities**). The continued growth of such communities, especially if they begin demanding and receiving tax rebates from municipal and county government for services they themselves provide, and also demanding the more general right of secession, means that they will come into direct competition with municipalities for residents, and that more and more of the earth's surface will become a haven of freedom.

Educate others about the evils of our current tax structure and system of land tenure We geo-libertarians also believe that only when people understand the nature of the beast can they, and will they, rise up to take proper action. To the extent that we increase the level of education of our fellow citizens about tax structure and land policy, we make progressive change more and more likely, as well as peaceful and relatively painless.

Appendix — Internet Contacts

Web sites come and go, but since geo-libertarians are pretty serious people, and highly motivated, I suspect most of the following will be up and running for years to come — at least long enough for the libertarian movement to have rediscovered its roots and overthrown what I think of as the "Rothbardian Heresy." This list is by no means exhaustive, but should provide a good starting point, as each has a list of links to other good sites. (The initial, "<http://www>." part of each address has been omitted.) [Note: As with most, if not all, ideological groups, there will be some variation in individual beliefs, including what, exactly, constitutes geo-libertarianism!]

Web Sites of Interest	
Banneker Center for Economic Justice	progress.org/banneker/index.shtm
Common Ground-USA	progress.org/cg/
Council of Georgist Organizations	progress.org/cgo/
Democratic Freedom Caucus	progress.org/dfc/
EarthSharing	earthsharing.org.au/
Freedom Links	progress.org/freedom/
Henry George Foundation of America	smart.net/~hgeorge/
Henry George Institute	henrygeorge.org/
The Progress Report	progress.org/
The Robert Schalkenbach Foundation	progress.org/books/
The School of Cooperative Individualism	geocities.com/Athens/Acropolis/5148/index.html
Dan Sullivan's Geolibertarian Home Page	geolib.pair.com/
Some Geo-libertarian Contacts	
Harold Kyriazi	hkt+@pitt.edu
Robin Robertson	Porklets@aol.com
Dan Sullivan	pimann@pobox.com

Bibliography

Robert V. Andelson (ed.) **Land-Value Taxation Around the World**, Second edition, Robert Schalkenbach Foundation, New York (1997); (author) "*On Separating the Landowner's Earned and Unearned Increment: A Georgist Rejoinder to F. A. Hayek*," American Journal of Economics and Sociology 59(1): 109-117 (2000)

Robert. V. Andelson and James M. Dawsey, **From Wasteland to Promised Land: Liberation Theology for a Post-Marxist World**, Orbis Books, Maryknoll, NY and Shephard-Walwyn, London (1992)

Frederic Bastiat, **Selected Essays on Political Economy**, translated from the French by Seymour Cain, edited by George B. de Huszar, Foundation for Economic Education, Inc. (1964 [1848])

W. Elliot Brownlee, "*Wilson and Financing the Modern State: The Revenue Act of 1916*," Proceedings of the American Philosophical Society, 129(2): 173-210 (1985)

Frank Chodorov, **The Rise and Fall of Society: An Essay on the Economic Forces That Underlie Social Institutions**, The Devin-Adair Company, New York (1959)

Winston S. Churchill: His Complete Speeches, 1897-1963. Edited by Robert Rhodes James, New York, Chelsea House Publishers (1974) (selection taken from Volume II, pp. 1277-1281)

Fred Foldvary, **Public Goods and Private Communities: The Market Provision of Social Services** (John Locke Series), Edward Elgar Publishing Co. (1994); (ed.) **Beyond Neoclassical Economics: Heterodox Approaches to Economic Theory**, Edward Elgar Publishing Co. (1996)

Mason Gaffney, "*Henry George, Dr. Edward McGlynn, and Pope Leo XIII*," Robert Schalkenbach Foundation (2000)

Henry George, **The Land Question** (1881-1891), **Progress and Poverty** (1879), **Social Problems** (1882), all published by the Robert Schalkenbach Foundation

Fred Harrison, **The Power in the Land: An Inquiry into Unemployment, the Profits Crisis and Land Speculation**, Universe Books, New York (1983)

Friedrich A. Hayek, **Hayek on Hayek: An Autobiographical Dialogue**, edited by Stephen Kresge and Leif Wenar, University of Chicago Press (1994)

Daniel M. Holland, ed. **The Assessment of Land Value**, Published for the Committee on Taxation, Resources and Economic Development by The University of Wisconsin Press (1970)

John Hospers, "Memories of Ayn Rand," from Full Contrast: An International Objectivist Publication (May, 1998)

Bertrand de Jouvenel, **Sovereignty: An Inquiry into the Political Good**, translated by J. F. Huntington, The University of Chicago Press (1957)

Libertarian Party Platform (1996)

John Locke, **Second Treatise of Government** (1690)

Spencer Heath MacCallum, **The Art of Community**, Institute for Humane Studies (1970)

John Stuart Mill, **The Principles of Political Economy** (1848)

Ludwig von Mises, **Human Action** (1949)

Dick Netzer (ed.) **Land Value Taxation: Can it and will it work today?** Lincoln Institute of Land Policy, Cambridge, Mass. (1998)

Albert Jay Nock, **Our Enemy, The State** (1935), Free Life Editions (with 1973 introduction by Walter Grinder), Fox & Wilkes, San Francisco (1992); **Henry George: An Essay**, W. Morrow & Co., New York (1939); **Memoirs of a Superfluous Man** (1943), re-copyrighted 1994, Hallberg Publishing Corp., Delavan, Wisconsin and Clearwater, Florida

Thomas Paine, **Agrarian Justice** (1795), from **The Paine Reader**, Penguin Books

Pope Leo XIII, **Encyclical On the Condition of Labor [Rerum Novarum]** (1891), from **The Land Question and Related Writings** (Henry George), Robert Schalkenbach Foundation

Ayn Rand, **Capitalism: The Unknown Ideal**, Signet paperback from New American Library, Inc., New York (1967)

Murray N. Rothbard, **For a New Liberty: The Libertarian Manifesto**, Fox and Wilkes, San Francisco 1973 (1978 revised edition); **The Ethics of Liberty**, Humanities Press Inc. (1982); **Power and Market: Government and the Economy**, second edition, copyright by Institute for Humane Studies, Inc., published by Sheed Andrews and McMeel, Inc. (1977); "*The Single Tax: Economic and Moral Implications*", Foundation for Economic Education, Special Essay Series (1957)

Adam Smith, **An Inquiry into the Nature and Causes of the Wealth of Nations** (1775)

Herbert Spencer, **Social Statics** (1850) [note: Chapter IX, "The Right to the Use of the Earth," was removed by the author from a later version]

Charles T. Sprading, **Liberty and the Great Libertarians: An Anthology on Liberty — A Hand-book of Freedom** (1913) [I have an original, author's edition, but paperback reprints are available from Laissez Faire Books, www.lfb.org.]

Dan Sullivan, "*Are You a Real Libertarian or a Royal Libertarian?*" [available from the Robert Schalkenbach Foundation, or on Dan's web site — see "Web Sites of Interest", p.113]

Mark Twain, "*Archimedes*", **The Standard** (July 29, 1889) (also available on the gopher web site of the Henry George School of New York: <gopher://ech0nyc.c0m/l1s/Cul/HGS>)

Ludwig von Mises, **Human Action: A Treatise on Economics** (1949)

Wenzer, Kenneth C. (editor), **An Anthology of Single Land Tax Thought: Volume III of the Henry George Centennial Trilogy**, University of Rochester Press (1997); **Land-Value Taxation: The Equitable and Efficient Source of Public Finance**, M.E. Sharpe (1999)

Index

Andelson, Robert V 33

Andrews, Stephen Pearl 62

Archimedes 21

Articles of Confederation 24

assessment (of land) 25, 45, 64, 72, 98, 102, 104

Australia 49

Bastiat, Frederic 33, 35, 36, 109

Beck, Hanno 107

Bible 32

Big Government 35, 67, 71, 72, 86, 93

Buchanan, James 64

Chief Joseph 80

Churchill, Winston 16, 21, 50-52, 57, 71, 85, 92

cities 22, 53, 70, 85, 88, 100, 101, 105, 106

Citizen's Dividend 10,99, 105

Clan A, Clan B example 77-79, 106

Common Ground-USA 113

common rights 107

compensation (to landowners) 49, 72-74

Considerant, Victor-Prosper 35, 36

Cord, Steven 71,93

Dilbert (comic strip) 2

Earth 5-8, 12, 14-17, 19,21,24,26,31,39,57,66,68-70,73-75, 77, 78, 80, 87, 105, 107, 109, 110

Emsberger, Don 109

excludables 97

externalities (negative and positive) 9

Feder, Kris 64

Foldvary, Fred 97, 111

Fourier, Charles 35

Freeman, The 40

Friedman, Milton 64

Gaffney, Mason 64

Garrison, William Lloyd 62

Gates, Bill 71,72

George, Henry 21,25,27,28,36,38-40,43,45,48,49,57, 58, 61, 65, 67, 72, 73, 75, 84-86, 89, 106, 109

geo-libertarian 5,6,13,36,51,72,86,97,105,107,113

gold 10, 11

Grinder, Walter 37, 38

ground-rent.... 18-20, 27, 39, 40, 44, 45, 51, 60, 62, 84, 87, 97, 99, 101

Hapgood, David 106

Harrison, Fred 71

Hayek, Friedrich 36, 38, 48, 49

Heartland Institute 63

Hertzka, Theodore 38, 62

Hirsch, Max 49

Horr, Alexander 62

Hospers, John 31

House and Home Magazine 86

Ingersoll, Robert 62, 89

Jefferson, Thomas 6, 23, 24, 29, 31, 32, 36, 39, 69, 75, 109

Jouvenel, Bertrand de 36, 37

justice 13, 14, 17, 20, 21, 34, 54, 57, 67, 71, 89, 101, 107-109

land value tax 13, 58, 71, 72, 87, 94, 99

Libertarian Party 5, 7, 20, 28, 62, 63, 76, 83, 105, 109

Locke, John 2,7,17,36,109

Lockean Proviso 2,1

MacCallum, Spencer Heath III

Mackay, John Henry 62

Means, Russell62

Mill, John Stuart 8, 16, 19, 20, 36, 57, 69, 73-75, 91

monopoly 1, 9, 14, 18, 20, 21, 23, 26, 36, 50-54, 57, 60-62, 67, 69,71,75, 92, 93, 101, 109

Monopoly, game of 50

moveables 8,19,94

municipalities 60, 72, 83, 84, 88, 98, 101-104, 111

New Zealand 49, 88

Nock, Albert Jay 27,37,38,45,47,57,109

Nolan, David 62

Norton, Edmund 62

Objectivist 31

ownership 1-3, 6, 7, 20, 21, 25, 26, 28, 29, 32, 34, 57, 58, 61, 62, 66, 69, 73, 80-82, 86, 87, 110, 111

oxygen 2, 3, 9, 47, 50, 86

Paine, Thomas 17,18,24,36,39,40,87,109

Pittsburgh (Pennsylvania) 102

Pope Leo XIII 25

Post, Louis F 62

privilege (vs. right) 6, 8, 16, 20, 34, 41, 42, 55, 68, 74, 78, 93

Progressive Movement 14,93,107

property 1, 2, 5-10, 14, 17, 19, 20, 24, 26-32, 34, 36, 37, 39-41, 48, 52, 54, 57, 61-63, 65, 66, 68, 69, 73, 82, 87, 88, 91, 93, 99-104, 108-110

proprietary communities 110

Rand, Ayn 28, 32, 36, 62

rent-seeking 87,91,100

reproductive rights 105

Ricardo, David 35, 48

rights 1,3, 5-8, 14-16, 19,20,27-29,31,37,39,51,61,62, 67-69, 73, 75-77, 81, 82, 90, 105-107, 109

Robinson Crusoe (analogy of) 58, 81

Rothbard, Murray 1, 36, 38, 57, 58, 60, 61, 79, 80, 82, 109

Samuelson, Paul A 14

scarcity 10, 11, 41, 79, 89

self-ownership (principle of) 6, 69

Shearman, Thomas 84

shopping mall (analogy with municipalities) 51, 61, 83, 84, 99

Single Tax 36,43,45,46,49,58,60,63,105

slavery 6,65-67,69,71,78,80

Smith, Adam 14,16,18,19,21,35,36,92,95,102,109

socialism 36,49,51,52,68

speculation 10, 51, 75, 87, 100

speculative premium 12

Spencer, Herbert 6, 8, 15, 16, 36, 73, 77, 109, 111

Sprading, Charles 26

sprawl (urban) 66, 85, 86, 88, 100, 105

Sullivan, Dan 36,47,108,113

taxation 12, 14, 19, 20, 24, 27, 35, 40, 41, 47, 62-64, 85,88, 95, 100, 108-110

Tideman, Nicolaus 64

Toles, Tom (cartoons) 76, 90

Tolstoy, Leo 38, 62

Tucker, Benjamin R 62

Twain, Mark 16, 21, 23, 69, 71, 79, 91, 92

U.S. Constitution 25

United States 14,24,25,35,46

usufruct (of land) 6, 31, 39, 69

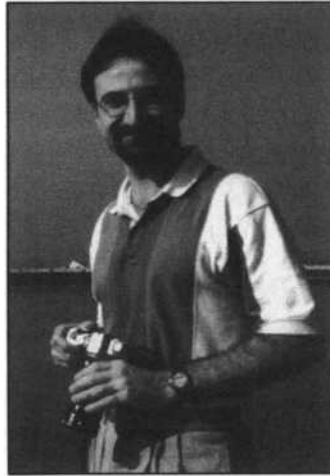
Vickrey, William 64, 70

von Mises, Ludwig 36, 38, 47

Wallace, Alfred Russel 27

Walt Disney World 110

About the Author



Harold Kyriazi (klr-e-a'-ze), 45, received a bachelor's degree in Chemistry from the University of North Carolina at Chapel Hill in 1976, and a Ph.D. in Biochemistry from the University of Pittsburgh in 1984. For the past 12 years, he has worked as a research associate in the Neurobiology Department at the University of Pittsburgh School of Medicine, where he uses electrophysiological and computer modeling techniques to examine the function of brain microcircuitry. He first learned about the Libertarian Party in 1988, and has been an activist in the Libertarian Party of Pittsburgh since 1991, serving as chapter secretary for many years, and twice running for elective office. He also produced and edited a bimonthly local newsletter — *Libertarian Forum* — for a year period from 1994 through 1998. During his 1998 campaign for the Pennsylvania State Senate, he became the first Libertarian Party candidate in Pittsburgh-area history to receive an endorsement from a major Pittsburgh daily newspaper. He can be reached by e-mail at htk+@pitt.edu.

{1} For example, the first paragraph of Chapter 11 (“Land Monopoly, Past and Present”) in Rothbard’s **The Ethics of Liberty** speaks of “*the libertarian rule of nonownership of land except by actual transformers, their heirs and their assigns.*” See also the quote, on p.61, from his **Power and Market: Government and the Economy**.

{2} See the section on John Locke, p. 17.

{3} See the note at the end of the Preface for an explanation of "geo-libertarian."

{4} As to the question of where rights come from, I consider them to be something which tool-making, i.e., property-requiring, creatures such as ourselves, of approximately equal strength and ability, must grant each other in order to live and prosper maximally.

{5} *I set out on this ground which I suppose to be self-evident: "That the earth belongs in usufruct to the living;"* — letter from Thomas Jefferson to James Madison, 1789 (**The Writings of Thomas Jefferson**, Memorial Edition (Lipscomb and Bergh, ed.), 20 vols, Washington, D.C. vol. 7, p. 454)

{6} "For the economically uninitiated, the way it works is that higher demand tends to cause an initial price rise. This entices manufacturers to "tool up" to produce and sell more, so as to capitalize on the higher demand, while yet others may be attracted into the business by the lure of high profits, further increasing supply. The result is a lowering of prices back toward their initial level.

{7} By land monopoly, I simply mean that state of affairs where all usable land within a governmental jurisdiction is claimed, i.e., owned, even though it may not all be being used.

{8} You might be wondering, “So, should we not also disallow the hoarding of gold?” The short answer is, “No, we *should* allow gold hoarding,” so long as we charge a market-driven, one-time extraction fee for mining it, and distribute the proceeds to everyone as part of a Citizen’s Dividend. This would compensate everyone for a scarce substance having been removed from the commons and converted to private property. If gold’s value increases, so will its extraction fee. In addition, gold isn’t necessary for life and can’t presently be monopolized (more mines can always be opened up, especially if land isn’t monopolized).

{9} A forgivable mistake for someone writing before Darwin. Actually, our desires have been adapted to the "world" of our genes’ survival.

{10} “And, if government were not growing so fast and taking so much of our income, rent would be taking even more than it does now. For an explanation, see p.91, "Tax cuts won’t help..."

{11} "Here he exaggerates a bit, as this excess land value could also be due to nearby, private entrepreneurial activity, or simply to the land’s having extraordinarily high natural value.

{12} Over 2,000,000 copies were sold before the end of the 19th century.

{13} This does *not* mean that LVT can or should be any arbitrary percentage of the land’s value. See p.97, "How would LVT work?"

{14} Considerant was a proponent of the utopian ideas of Charles Fourier (not the Joseph Fourier of mathematics fame), who believed, according to the 1994 Encyclopedia Britannica’s description of “fourierism,” “*that people could live harmoniously in a state of*

nature, free of government intervention. " And, they permitted private property and inheritance. Thus, Considerant may have been an anarchist and an advocate of "voluntary socialism," and perhaps close to geolibertarian as well, if the only forcible action he sought was aimed at the relinquishing of natural resource monopoly.

{15}. "This statement had me puzzled for a long while, as I thought that all true taxes must fall on production, in the sense of inhibiting it. But, on further reflection, it occurred to me that a head tax, by falling on everyone equally, would not favor one behavior over another, and thus might not discourage production. (If it were high enough, however, many people might try to hide their existence from the tax collector, which might inhibit production.) In any case, a head tax certainly *would* fall on consumption, and thus be detrimental, as people would either have to do more work or do without. By contrast, LVT bears negatively on neither production nor consumption.

{16}. In a nutshell, David Ricardo's Theory of Rent states that the rental value of any piece of land is the amount by which its productivity exceeds that of land at the margin of production (the ever-shifting dividing line, measuring quality, between land which is currently in use and that which is not), plus the value of any such marginal land. (Classically, marginal land was unowned, freely available, and thus of no value, but in our system, such land is owned, not freely available, and carries speculative value).

{17}. A caustic female was reported to have said to him, in public, "Sir, if I were your wife, I would put poison in your tea." He replied, "Madam, if you were my wife, I would drink it."

{18}. Talk about impractical! We libertarians often say that the moral is the practical. But just try tracking down the descendants of the first users of every parcel of land in a single city, let alone the whole country. And, on what moral basis would one deny the claims of Native Americans, whose ancestors used and shared the lands communally for hundreds of years? As Henry George might say, "At what rate *per annum* did their rights dissipate?"

{19}. The Nolan Chart is a two-dimensional political map, whose axes of personal and economic freedom are based upon one's responses to five statements each about personal and economic freedom. It serves to distinguish libertarian attitudes from those of liberals, conservatives, authoritarians, and centrists.

{20}. Actually, LVT has been implemented, with excellent results, in many parts of the world. But it has been only on a limited basis, i.e., funding only the functions of local government, and allowing the elimination only of property taxes on buildings, but not on income, sales, etc.

{21}. The total fertile area of the earth's surface is 33,000,000 square miles. Assuming a world population of six billion (as of July 1999), this comes to 3.52 acres per person (there are 640 acres per square mile).

{22}. "Nobel Prize-winning economist William Vickrey: "...landlords ultimately reap most if not all of the benefit from an increase in the efficiency of the city..." ("Simplification, Progression, and a Level Playing Field," Chapter 3 of Wenzer's **Land-Value Taxation**, 1999).

{23}. This would not happen, of course, if parents didn't have children they couldn't stake to some land. See p.77, "Is the right to life an absolute?"

{24}. "It is this seemingly paradoxical trend of deepening poverty wedded to the advance of science and technology that prompted Henry George's masterwork, **Progress and Poverty**.

{25}. They'd be like Arab oil sheiks, but with "oil" that never runs out, and that gets more valuable every year. Under LVT, the value of oil and other minerals, being gifts of Nature, would be distributed equally among all adult citizens.

{26}. Shall we have juries deciding such questions? Would we not by so doing recognize the power and/or moral authority of the community? And, if they can decide these questions, doesn't the community then already have real ownership?

{27}. "Suppose a white man should come to me and say, Joseph, I like your horses. I want to buy them. I say to him, No, my horses suit me; I will not sell them. Then he goes to my neighbor who says, Pay me money, and I will sell you Joseph's horses. The white man returns to me and says, Joseph, I have bought your horses and you must let me have them. If we sold our lands to the government, this is the way they bought them." — Chief Joseph [source: web site of unknown reliability]

{28}. "Excludables" are those public goods from which non-contributors may be excluded, such as schools, libraries, fire and police protection, large parks, swimming pools, etc. As such, these could be operated on a fee-for-service basis. Non-excludables include national defense, city streets, police protection outside one's home or place of business, small local parks, scenic beauty, etc.

{29}. The greater degree of communication afforded by the Internet may make a municipal level of governance as workable as Jefferson's ideal ward, which was to have only a few thousand people.

{30}. Some types of land will never be freely available, e.g., those offering natural utility and beauty, such as the San Francisco Bay and New York harbor, and will always draw some Nature-created rental value.