

Community Should Keep Community Created Land Value

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The quote from David Ricardo chosen by Stan Sapiro for last month's Groundswell caught my attention: "There is no gain to society at large from the rise of ground rent. It is advantageous to the landlords alone, and their interests are thus permanently in opposition to those of all other classes."

This statement probably goes the furthest in explaining the relative lack of success of Georgist ideas in this century. By extension, the introduction of land rent inflicts an immediate and direct loss to landowners, but only promises indirect, future benefits to society at large. Therefore Georgist ideas are at a permanent disadvantage. This is especially true in our society where the majority of people own their own homes, which provides the only secure investment against inflation. Homeowners also vote in much higher numbers than renters, not to mention all the real estate professionals and speculators who benefit from the present system.

The Georgist program promises to ONE, Raise taxes on the land portion of their property and TWO, Eliminate the appreciation of their property values. This is all for some future indirect benefits which may never materialize for all they know! This is not a strategy for success. A "remedy" must be found to directly and immediately benefit society at large, to counteract the direct and immediate loss to landowners. Until then the Georgist ideal will remain just an ideal. Fortunately there is such a remedy. Before outlining it, there is another point to consider.

Let's assume that the "single tax" (in modern form) is fully implemented. Taxes on labor, capital, and sales are replaced by land rent, resource fees, and pollution taxes. Do we really want to continue giving all this money to the state? Is there any reason to think the representatives will spend it any more wisely than

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they do now? I doubt it. When George suggested that the community creates land value and should keep its value, I believe he meant that the money should stay in the local community. There was no national income tax in his time and I doubt he meant the money should go to Washington.

One more point before the solution. It is well known that George studied many great thinkers and classical economists. Thomas Paine was surely one of them. In Agrarian Justice Paine argues for land rent to counteract the evils of land monopoly. In discussing civilization and land monopoly Paine points out "On one side the spectator is dazzled by splendid appearances; on the other he is shocked by extremes of wretchedness; both of which it has erected. The most affluent and the most miserable of the human race are to be found in the countries that are called civilized." It could be argued that the title of Progress and Poverty was derived from words such as these.

In any case Paine argued for land rent, not given to the state, but collected locally and paid out directly to the public in a lump sum or annual dividend. If this annual dividend was adopted, it could provide the direct and immediate benefit to the public needed to overcome the permanent opposition of landowners to land rent.

What proof is there that an annual cash dividend from land rent would be a strong incentive? Consider the case of Alaska where they have no state income or sales tax, and fund 85% of the budget from oil revenues. Every Alaskan resident receives an annual check of \$800-1000 dollars from the Alaska Permanent Fund from oil. When the state ran into a budget deficit, a commission investigated doing away with or reducing the annual dividend. Not a chance of that happening. I quote from an L.A. Times article by Kim Murphy (date unknown). Commission Chairman Brian Rogers said "What we didn't realize at the time, and should have, is that a universal entitlement program is about as sacred a cow as you can create." Murphy goes on to say "The annual dividend has become one of the most popular political programs in history."

If the Georgist ideal of land and resource rent is to become a reality, a cash dividend would be a good incentive to make it happen. I for one am not interested in pushing water uphill. Why not get the public on our side? Georgists are fond of saying that the source of revenue is as important as how it's spent. If that is true, then 50% of the equation is still in the spending. Should we give it to the state to continue spending as they wish, or should "We the people" pay it to ourselves in cash? I say "Show me the money!"