

WHY THE ONLY JUST TAX IS A LAND TAX

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Republicans and Democrats fight over tax policies, but each party advocates only different ways of relying upon the wrong tax bases. None of the leaders of either party thinks outside of the tiny box into which both parties have packed themselves - and it is the wrong box.

The wrong box takes a part of what people earn by working, tacks a surcharge onto our purchases and taxes the value of what humans build or make to carry on economic activities.

If what we want is a just form of taxation, taxation that will not be a drag on desirable economic activities, we must shift from overtaxing wages, sales and human effort toward taxing the exclusive use of that which none of us created but which all of us need and want in some quantity - land.

Our best economists consider land as distinct from capital and labor. Land is not limited to a certain plot of soil, but would also include such things as frequencies on the broadcast spectrum, which today are sold to the highest bidder but which should be leased at market prices, airport landing slots and "pollution privileges" regarding air and water, etc.

What we tax, we discourage. Is it not more desirable to discourage private speculation in land value appreciation, land upon which we rely, rather than to discourage productivity, job creation and consumption?

No matter how much we shall tax land, land is not going to go away. Land does (continued on p. 5)

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not become discouraged or disused because it is taxed.

On the contrary, the lower its market price is driven by taxation, the more easily it becomes available for use by those who will use it for economic activities. Land value taxation would thereby stimulate the economy - now, when it needs to be stimulated.

None of us created the land which is our common birthright. Land should be leased from the commons (government is the agent of the commons) at market rates.

Wrongful privatization years ago of land by kings, who used force, terror and intimidation, has led to many of today's social ills - urban sprawl, low-wage jobs, insufficient housing, too few jobs, diminishing leisure time, parents working long hours, barriers to starting businesses, etc.

The consequences of taxing the wrong activities are far-reaching, painful to our fellow human beings and antithetical to ideas we claim to hold dear as Americans.

Land value appreciation cannot be attributed to anything the landowner does, but rather to the press of population, the need to be near where the jobs are, the presence and activity of one's neighbors, and public spending. Pretending otherwise does not change that fact. It makes more sense for society to collect the economic rent on land, rather than leaving it in private pockets. Collecting that rent, in the form of a tax that captures that which the individual cannot pretend to have worked to produce, is the only truly just tax yet devised.

Revenue from this just tax will be available to be used to fund transfer payments that are needed especially in weakened economies (for example, jobless benefits, child care for working or job-seeking single parents and welfare).

The revenue gained from such a land tax would also help to retire public debt and thereby to reduce interest on it; interest that has first claim on governmental income, and now diverts a substantial portion of governmental income away from funding needed governmental functions.

(editor's note: see writer Will Frambach's additional comments, as follow below, to Georgists.)
