

## PACE UNIVERSITY LEFT FORUM PANEL

(from p. 13)

trade and tariff arguments. His argument for free trade rejected the very ecological concepts you are trying to give him credit for.

So when I said that George worked with former slaveholders whose attitudes he opposed, I was referring to the free trade South -- Solidly Democratic -- as opposed to the protectionist Republican North and West. My verbal presentation may not have made clear what I meant by the free-trade alliance with the Southern (mentality). But it's what my history books are about.

Regarding George's views on rent, I of course applaud his support of this basic classical concept. Unfortunately, despite his advocacy of taxing rent, George lacked a conceptual framework of price and value. So this prevented him from defining an idea of rent that could be measured in practice. This blind spot to classical economics is largely responsible for his followers for the past century-plus never measuring rent statistically, or even in theory.

In that respect, George's anti-intellectualism (an expression of his "not invented here" lack of formal education himself) has poisoned his followers, blocking them from being able to communicate with economists or other academics trained in classical doctrine. This is what made the Single Taxers and Georgists a cult, with its own vocabulary.

What George REALLY was railing against was absentee ownership. Veblen made this clear in his book of that title. Now that two-thirds of Americans own their own homes -- on credit -- should they be taxed fully on the land? Or as I -- and also Ed Dodson -- have suggested, should there be a "basic allotment" that is untaxed, in order to lower the cost of living?

I have suggested to Andy Mazzone that he join me in calling ourselves post-Veblen economists. I prefer this to my UMKC colleagues' post-Keynesianism. And inasmuch as Veblen wrote nearly half a century after Marx, it is preferable to post-Marxist, with all the baggage that moniker would entail. George's fatal failing -- and what cripples his attempt to create an overall economic theory out of his head in *Progress and Poverty* -- is his failure to understand money, credit, debt, interest and the financialization of economies. His theory of interest -- as Böhm-Bawerk calls it, a naive productivity theory -- is entirely non-monetary, and shows his lack of understanding Price Theory 101, or the relationship between cost of production, price and value. This makes his book best suitable for the wastebasket as far as modern readers are concerned.

His blind spot has crippled his followers into imagining that landlords end up with today's rent -- not the bankers as "Rent is for paying interest." So they miss the point that the major defenders of the real estate interests are the banks, who sit on the landlord's shoulders so to speak (or if you prefer, lurk in the landlord's intestines as a tapeworm to extract the nourishment). This is what I meant when I characterized George as pro-rentier.

Today's dominant rentiers are bankers and bondholders, that is, financial investors. That is why Occupy Wall Street focused on Wall Street.

By missing the target and not understanding the economy -- largely by leaning on P&P as a crutch, instead of reading classical economics or George's more effective contemporaries who analyzed rent (Patten, Veblen, etc.), Georgists have fallen off the right wing of the political spectrum.

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## MAXIMIZE VALUE (from page 3)

in tax revenues would be minimized because Allegheny County taxes land and buildings at the same rate, while most of the assessed value of a typical property is on the building instead of the land. Overall tax revenues could be increased by obtaining more from the value of land and less from the value of buildings.

Prior to 2001, Pittsburgh benefited from a lower tax rate on the value of buildings than of land. Also helpful would be more frequent property reassessments. <<

## LAND VALUE CAPTURE

Toronto Star, June 1, 2013

By Frank de Jong, Toronto, Ontario, Canada

New taxes on sales, gas and HOV lanes may be "fair and balanced" but they will be aggressively opposed and politically damaging to any government imposing them. A far more politically defensible way to finance Toronto transit is Land Value Capture. The Ontario and municipal governments should finance the new transit by collecting the rise in land value that the new projects produce - a process that makes transit self-financing, with no need for other taxes. Land values are "community created" - without the surrounding community land would have little value. When public infrastructure like transit, hospitals, schools, bridges are built, the quality of life rises and more people want to live there, so land values rise. The community - not the individual land owner - should receive the benefits of publicly-financed projects.

Without land value capture, the benefits of Toronto's new transit will accrue exclusively to private land owners who live near the infrastructure, but this wealth should rightfully be captured to pay for the projects. In fact, land value capture is not a tax, as it doesn't "tax" money that people actually earn, it simply returns to the community what the community creates by its collective hard work. <<