Jeff Smith made Geonomist presentation at "Who Owns America? II" event

Jeff Smith, Portland, OR, was one of the presenters on a panel on Property Rights on June 4, 1998, in Madison, WI. The Who Owns America? II event was cohosted by North American Program, Land Tenure Center, U.W.-Madison and Lincoln Institute of Land Policy, Cambridge, Mass.

U.W.-Madison Prof. Jane Larson moderated the panel, on which Ben Brown of the John Marshall Law School and Kenneth Barden of Dayton, OH, also made presentations. Introduced as president of the Geonomist Society and editor of the Geonomist Journal, Jeff Smith's comments were entitled, "Share Rent, Transform Society." Major points covered are as follows.

If society decided to share among its members all the annual value of society's sites and resources and air space, what would happen?

If someone buys a ticket to Super Bowl and decides not to go and sells it for more than its face value, he could face the wrath of the law. If he bought a super location and sold it for more than he paid for it, he could become a pillar of society. Temporary ownership for profiteering is illegal; but if permanent ownership, it is legal. If only we had a single standard, I believe society would change for better. It doesn't matter who owns what. What matters is who gets the rent. We have millions of acres of forest we Americans own together, and we are losing rent on it.

The word property cannot convey the distinction between rent and land. Ralph Borsodi came up with an alternative, a trust that would claim publicly and occupy privately and use sparingly and compensate neighborly. Share the rent with neighbors. A word for that is geonomics, earth focused economics. It hones in on all this flow of rent that is so overlooked. Shift the focus to sharing; then owning of land loses importance and belonging to earth regains its importance. It is a different identity for human beings as parts of the economic system.

The amount of rent has to total some amount. If you ask how much taxes are, you get a figure, or how much wages or interest are, you could get a figure. No one does a good job of keeping track of how much we spend or how much nature we use. In some of the best estimates, Ronald Banks in England estimates that the flow of rent is as great if not more than any of those other flows. Assuming that is true, if not allowed to collect in the wrong pockets, but redirected to everybody's pockets, we can expect a solution. How would you do it? You could collect it via service tax, extractive tax, user fees; there are many different ways to collect. You can return it to the residents of the region, through subsidies or dividends. Alaska has an oil dividend to citizens, and different kinds of taxes exist everywhere. It is a matter of disbursement.

If you were to choose the Libertarian version, and rely on fees and dividends, you get a geobonus, an added benefit. You would quit distorting prices, you could pull government back in a sense. Now taxes and subsidies at the margin can make housing unaffordable to maintain, so the apartment owner lets his apartment building become dilapidated and causes nearby owners to do the same. He can breed a slum.

We subsidize water and make water cheaper for farmers in Arizona to irrigate their land, and we then have taxes to pay for environmental abus- durities. Shift to fees and dividends and have prices precise and use the weight of the market to guide our choices toward sustainability. If we had this price leveling, we could get the market to work right.

There are four reasons this could be fair. In history three times when land tax was applied on increased value, it also increased land ownership, and tenure was extended. Last century in Denmark, land taxes were increased. In the 1890s in California irrigation districts, they went from a few ranches to many small farms. In the 1950s a land tax in Taiwan broke up huge plantations and resulted in many family farms.

In the past, land owners owed services to king, but in this age of equality then we owe our neighbors. We have an equal right to the earth.

The community creates rent. Land value rises when infrastructure goes on land. Technology progresses when the community becomes more tranquil and density goes up. Density is a really good measure of land value. No one owner by himself is responsible for density. Rent from land value is justified because all should share in the rent.

If the community collected the rent, it would motivate owners not to speculate in anticipation of a higher future return. There would be a tendency to infill in the city and make cities more efficient. It would make mass transit more efficient. We could collect some rent in a greater amount as ecological security deposits for gas stations with gas pump brownfields. We could actually put a surcharge on gasoline and put the playing field back to level between cars and other transportation. If we collected ground rent around transit stops and dedicated that income stream to the transit system, we could run a free system. When built, BART (Bay Area CA Rapid Transit) did a study and found it could run BART free. If we had free mass transit, people would choose to ride instead of drive. It becomes more efficient and more people use, increasing the mobility of citizens in the region. If we get people out of cars, that reduces air pollution, noises, run off, and use of resources.

It is not just collecting ground rent but also untaxing other systems. Untax labor and make it more affordable. Enterprises such as recycling and reforestation, weatherization, reconstruction, and health enterprised are labor continued on page 10
intensive and made more expensive artificially by taxing labor. We subsidize business: free roads for the timber industry, cheap water for agribusiness. Stop those subsidies and recycling could compete. On a level field, recycling would roll over extraction of virgin material. We could spare forests and salmon and have a healthier ecosystem. Look at restoration. Money has to come from the public treasury but we could look at it as public investment. Pay for restoration and land values increase, so land dividends would increase. Direct investment benefits the entire public. Now the public is paying for private parties. That is not fair. Look at the economy. Take taxes off homes, and they become more affordable. Have some kind of land charge, and housing stock increases as sites get developed. Affordable housing helps stabilize neighborhoods. In places that do have the land tax, i.e., Australia and New Zealand, they have fewer disputes with assessment. Assessors say their job is so much easier now. If land is less profitable and less of a political football, it is less tense in local politics.

If you take taxes off labor and capital, more investment flows into jobs, and we would have close to full employment, so labor could demand full market value for services. We could double the income of the average worker with no loss in standard of living. If fewer demands are placed on government by citizens, it doesn't have to borrow so much. If you reduce the amount of tax on the economy, and reduce the amount of redeemable notes, then we should be able to eliminate inflation. It is unmasked. You can see lower prices; the cost of living goes down. It will change social relationships. Labor and capital make up, with higher wages for labor, lower taxes for capital, and more investment funds. Labor can negotiate from a position of strength. Capital might want to share management decisions and spread that risk of liability to workers. It tends to reduce hierarchy and increase equality in society.

What other social relations might change? Increase land ownership participation in community and it benefits community, with town hall meetings and block parties. Those kinds of communities have less crime. Pittsburgh has six times greater land tax than improvements, more affordable housing, and less crime.

The main indicator of economic health is called the GNP. A good measure would be leisure, the amount of time off from labor to maintain a comfortable standard of living. If we shift, it would shrink the work week, and help get rid of rush hour traffic.

The green tax would reduce the role of economics in politics.