

1 Abstract

This reviews a range of issues which emerge from Georgist analysis - economic, ethical and others. While Georgist Analysis correctly identifies some injustices, it also claims to have additional moral force in its prescriptions about the nature of productive endeavour, rights to use and sell land, property rights at large, and also the nature of taxation. On close examination, it is suggested that the Georgist picture, while identifying some genuine issues, does not have the far reaching moral force claimed for it by some advocates.

Further, it is asserted that while Georgist analysis tries to claim fundamental differences from mainstream economic theory, this does not make it immune to many of the attacks that are normally made on mainstream economic theory. These critiques involve the workings of markets, equilibria, competitive equilibria, price signals, and abstractions as compared to the real world, amongst others. While Georgist analysis may be different in significant ways from mainstream economic theory, it still inherits enough that some criticisms of mainstream economic theory are equally valid.

2 Introduction

This paper reviews some issues which emerge from Georgist analyses which have been apparent to the author for some time. While Georgism has its virtues, it contains many hidden assumptions and consequences that are not commonly acknowledged. Such assumptions relate to the nature of ownership, our interest in productive works, the nature of deals we make and expectations about the world and the deals we make in that.

There are also ethical issues that arise from these analyses. Much of Georgism (and perhaps most of economics), claiming to be beyond “value” judgements, nevertheless incorporate many value judgements and hidden assumptions. In particular, there are claims about the nature of taxation which interact with the nature of productive endeavour.

It also holds itself in tension to some critiques of mainstream economics. Georgism claims to have separated itself from mainstream economics, but it also inherits much from mainstream economics. This means that critiques of mainstream economics may also be applicable to Georgism.

Georgism relies on certain assertions about the nature of the market, competition and pricing signals that seem to be inherited from mainstream economics.

Equally, it is also fair to say that exactly what Georgism is, is open to question. The author’s criticisms are towards what is generally put forward in a Georgist context, though it may well be that some of this material is not directly derivable from Henry George’s works. The critique is directed to “Georgism at large”, which may be different to what is put forward in Henry George’s works, narrowly defined.

However, as a social force, Georgism is not *just* his works, it is also the general views in circulation. If it were *just* his works, it would not be a social force. So these observations are appropriate in that context.

3 The Economic Promise, The Free Running Economy with Proper Incentives

Georgism makes assumptions about how the market operates, and how we increase wealth and prosperity. Importantly, if we are given the right incentives, we will all operate productively for our mutual benefit and our wealth will be increased. The current problem is that we have the wrong incentives (Wikipedia:Georgism, 2009).

This has the hidden assumption that we enter the market as equals, that metaphorically, we are all artisans trading with each other. However, if there is pre-existing inequality, we do not enter the market as equals, and the market can amplify those inequalities. Georgism is said to take us to prosperity and equality. However, many other schools of economic thought assert the same thing - it's something requiring proof rather than being assumed.

In addition to the wrong incentives not guiding us to productive endeavours, Georgism posits that we can make unethical economic gains, gains which are not "earned". These gains are realised through property speculation and monopolies in resources. Many different schools of thought posit that some particular group makes unethical gains - be it unions abusing their power, large firms abusing their power, or financial institutions taking more than their fair share. Georgism has its own group making its abuses. And perhaps that's valid to identify. However, it must be contrasted with the economic argument that people need incentives to invest; the issue usually seems to be avoided - at least based on the author's reading of contemporary Georgist commentary and magazines.

4 The Market as a Mediator

Georgism seems to embrace the free market, with ownership / rents due to land and other resources being the one thing which should be controlled. Giles, 2007 writes with regard to a Georgist reform : "It also makes the land market behave like any normal market - something it does not do at the moment".

This suggests a Georgist endorsement of the "normal market", with a "normal" market delivering benefit. However, this whole notion has been much challenged. See for example, Keen, 2001. "Competitive Equilibrium", a foundation for market operation, has also been much criticised by Omerod, 1994 :

By definition, any model necessarily abstracts from and simplifies reality. But the model of competitive equilibrium is a travesty of reality.

It cannot be emphasised too strongly that, in practice, the competitive model is far removed from being a reasonable representation of Western economies in practice. By definition, any model necessarily abstracts from and simplifies reality. The world does not consist, for example, of an enormous number of small firms, none of which has any degree of control over the market in which it is operating. Small firms may be fashionable at present, but it is the large multi-national companies such as Ford, BP and Sony which dominate the world economy. It is entirely illegitimate to make the link between the model and the observed success of the Western market economies.

It is not clear that Georgist reforms would act to break down such monopolies, which originate in disparities in wealth, knowledge and distribution networks; land monopoly seems incidental. In fact, in many cases, you'd expect these large firms to rent, not own, the land they operate on.

Georgism claims that "land is the mother of all monopolies" (Fitzgerald, 2007), but it is difficult to see an obvious connection. Other monopolies do seem to have their own independent existence.

Omerod also criticises the ideal of how wages are fixed in the market. Classical economics tells us that wages are set by supply and demand. One situation which Omerod focuses on is how there many graduates competing for few jobs in the financial sector, but the salaries are nevertheless quite high. If the supply/demand interaction were working, salaries would drop till the competition was more sedate.

A consequence of this view is that if there were fewer people seeking the profession of teaching children with disabilities, their salary would go up, something that is a ridiculous notion.

Certainly, with some professions there is a supply/demand interaction which does influence wages. But for the most part these interactions are incidental. Perhaps some things need to be expensive "for show", quite apart from how you'd value the work in any objective sense.

There is a very real "ceiling" in the amount of money which can be spent on a whole public area, and on individuals in it, where that ceiling is set outside of the market. Whatever is going on in each case, it violates standard economic theory, and Georgism does not seem to bear on the issue.

Georgist principles may mean more wealth is available for to provide teacher's wages. But the quantity of money available does not seem to be the most important issue. It's not so much the size of the cake

as how it is portioned. The Georgist line was originally that people are denied the results of their efforts through the land monopoly (Hassed, 2000) Further, wages are said to be set through an interaction with the productivity of land, in particular in terms of productivity at the margins (see next section).

However, teacher's wages are a few steps removed from this ideal - how do we relate wages set through taxation and allocation of government money to the productivity of land, particularly at the margins ? The line seems to be "we have a lot more money to throw around, so allocation problems will disappear". This seems unduly optimistic. The allocation problems might be lessened, but this does not mean they will disappear.

Regardless, there may be Georgist related inequities, and Georgist reforms may yield an improvement. However, it will be "one less injustice" rather than a broom which sweeps aside many injustices.

5 Economic Analysis and the Nature of Land

5.1 Margins and Georgist Economic Analysis

Conventional economics focuses on supply, demand, marginal returns, competitive equilibria and similar. This has been much criticised by Omerod, 1994, and also Keen, 2000, as noted earlier.

It is not clear just how much of this overall framework is relied on by Georgism, but certainly there is a reliance on concepts of equilibrium and marginal changes. The following is derived from an analysis by Tippet, 1998, but also derives from concepts generally put forward in Georgism.

"Economic rent" refers to the return from a natural resource, and in particular returns above the margin. This rent, normally absorbed by the land owner, is set by the least useful land available. This "least useful" land is freely available, so that someone might use such land without paying anything for it. A further development of the approach is to say that there is no freely available land, it is all owned by someone.

This analysis relies on a few assumptions. First, there is capitalism, so all land is owned apart from the marginal free land. Second, there is equilibrium. Third, there is said to be an "equivalence" between the use of least useful "owned" land and "freely available" land - that is to say, "land at the margin" is a meaningful notion.

This means that use of owned land is made an alternate to free land. At the margins, the owner cannot charge more than the free land would provide. However, for more productive land, the owner of the land may charge rent equal to the difference between the productivity of the "good" land and the marginal free land. Because the differences in fertility yield this "rent" is called "differential rent".

If no land is available at the margin, the rent has the additional "scarcity" component. This would operate to absorb at least some of the additional productivity yielded through more intensive working of the land.

We can see how the assumptions might cause problems. First, even assuming the general picture, there are transaction costs and alternate futures. This means that the owner of land at the margins will have to offer more than the return on the free land to "tempt" someone into using it. So, the straight lines will in fact be slight inclines, with the incline representing the additional return necessary to prompt change. Metaphorically, the system needs to have spread out "stress" in order to maintain equilibrium, so that one end of the equilibrium knows what is going on at the other end.

Then there's the consequence that land owners will claim all of the return above the marginal return. This assumes that paying users can be exchanged with users of the free land, but in fact people are not interchangeable. Some will have better skills, and be able to get a better return.

Then there's the direct link to production being logically linked to a region of land, with its productivity varying as would agriculture. Can we so readily generalise from a principle derived from agricultural production to both generalised production and the consumption of land as residential accommodation ?

Of course, it can be reasonable in context to make simplifying assumptions. The question is whether, after the simplifications, the analysis can still support the weight of the conclusions made from it, or if it might be called rather not comprehensive, but trying to get a handle on what's going on. At the other end of the scale, it may be positively misleading.

5.2 Quasi-rent

Continuing the analysis in the previous section, a consequence of the analysis is that if you have an input, it attracts something similar to rent if the return stands above the next most lucrative use of that factor. For example, a singer's employment inside the opera may yield a lot less than outside the opera. A large part of what the opera singer is paid must be called rent. (This section is a synthesis derived from many sources, including the Encyclopedia Britannica; but see Wikipedia:Quasi-rent, 2009 for a further review)

A particularly useful machine may earn quasi-rent while there is a shortage of capacity.

Hence, it all ties in with what "shortage" means and how it is defined. Whenever there is a "shortage" of something, the return someone makes on it is similar to the "rent" which land receives. Similarly, monopoly profits could be classified as rent.

How might we define "shortage" ? From one perspective, there is an equilibrium price, set by supply and demand, and the rest is all in the mind. There is no such thing as a "shortage", as a label we might apply. Alternatively, we could in fact label something as a "shortage" when there is a fixed supply - when we have reached a point on the supply curve where it is slanting upwards at more than, say, 60 degrees.

If we see land as unique because it is forever in fixed supply, we must also be drawn to other situations where the resource is in limited supply. We must become concerned whenever we might define *anything* as being "in shortage", not just land. This analysis acknowledges the unique nature of land, but also makes some things analogous to it.

Returns from any sort of shortage may be inequitable, but there is a cost to identifying them and addressing the problem. In the case of land, it is quite possible that the cost of identification is sufficiently small to make it worthwhile, while identifying other shortages would be too difficult. That would be a pragmatic justification for focusing on land, and perhaps a quite valid one. However, land no longer has the "unique" properties which partly justified the Georgist approach.

This gives a feeling for the range of criticisms that arise from the concepts of quasi rent. My feeling is that the concepts are diluted, but we can still see the characteristics of land as significant. However, I understand some commentators developed the position to one where there was no difference whatsoever between the returns to land and the returns to other factors under similar conditions.

However, this whole analysis does inherit from the original Georgist treatment - equilibrium, margins and so on. If we critique these elements, it is just as flawed. Equally, to the extent that Georgist concepts and conclusions are valid, we must broaden them somewhat.

5.3 Pragmatics About the Uniqueness of Land

Part of the Georgist argument about land is that it is a public good which is fundamental to economic activity, prompting special treatment - quite separately to any numerical analysis we might bring to bear.

Commercial activity is moving away from land as a foundation. It has been doing so since the industrial revolution. Today, we have internet commerce, and services where a tradesperson visits someone at home to cut their lawn or tune their car. Yes, land does provide some element of business, but it becomes much less important.

Internet industries can be housed in low value land, for example. Land is still competed for in the case of residential areas, where it is "consumed" rather than being a factor of production. This consumption does not really compete much with production, perhaps somewhat in retail. For the most part, productive uses such as farming and factories are well removed from residential use.

5.4 Practical Concerns About Property Ownership

In country Queensland, the author understands that no one owns their properties. They are all under long term lease from the Government, and a similar situation is understood to pertain in the ACT. When people do not in fact own their land, and are only paying charges on it to the Government, it makes the issue of LVT (Land Value Taxation) a bit strange. You'd not be taxing based on ownership. You'd be playing around with the charge rates and definitions, but little else.

In many country towns, there is an almost absolute monopoly on land. While LVT would be a “nudge” to encourage better use of land, it will have difficulties obliging better behaviour from such monopoly landholders.

Presently, the landholder can keep a shop vacant for months, holding the rent up and refusing to lower it. They are not participating in the market, they are controlling the market. LVT would be a nudge to stop them from doing this, but the imbalance of power would mean they would still be able to do this, albeit at a larger cost to themselves. Being a country town, the land value would not be that high, and so the cost might be a lot less than the benefit they would derive from abusing their monopoly control.

This might well be irrational behaviour, but there’s nothing in economics obliging agents to behave rationally (and, as has been previously noted, there’s nothing to oblige ethical behaviour, either). There might be a come-uppance in *the long term*, but that’s of no use to people suffering under the situation in the short term. In such chronic instances of monopoly, you would need more than LVT to address the situation.

6 Economic Activity and its Worth

6.1 Concern About Dubious Economic Activity

In contrast to a celebration of increasing wealth, many are concerned about the aggressive and hard nosed aspect of modern business. We live in “The Age of the Greedy Bastard”, as Terry Frost (2005) would put it.

Many firms are willing to pursue legal-but-unethical business practices. Advertising becomes more offensive and “in your face”. Direct marketers intrude on your life, being employed in ways which benefit the firm but not society. Then there’s *illegal* activity - con artists and similar. This concern competes with Georgist prescriptions. The wealth which Georgist principles free up could make these excesses worse.

There is no reason to think land reform will make the economy more “humane”. As the market gets more fierce, more competitive, in a purely economic sense, we may have a more efficient economy. But we will have lost something intangible along the way. Georgist sentiment seems to be that in a Georgist economy, there would be more opportunities for people to earn incomes by ethical means. However, the connection is not apparent.

People do sometimes turn a profit and at the same time contribute to the overall welfare of society. The economic promise is that this happens frequently, cynics suggest it only happens rarely, and those in the middle say it can happen if we give people the right incentives. However, the point is that such assumptions about the economy are contestable, and they still underlie the Georgist promise.

6.2 Progress and Worth of Economic Activity

Veblen’s (1899) view is that surplus value is captured through conspicuous consumption by a wealthy elite.

Galbraith (1967) views economic activity as largely superfluous production of useless goods where the primary goal is to keep people employed but not produce goods which are in any sense needed. Our economy ceased being driven by useful goods long ago. We nowadays produce a lot of stuff that people do not really need, and they must be advertised to in order to have them buy it.

Hamilton and Denniss (2005) reflect the what the economy delivers is not prosperity, but rather an addiction to overconsumption that does not in fact deliver a worthwhile lifestyle.

These views challenge the assumption that economic growth directly leads to equitable prosperity, and thereby are a challenge for any approach which promotes an increase in wealth, broadly defined, as good for us.

6.3 Potential Improvements

In contrast to the views in the past section, it must also be acknowledged that economic growth has its benefits. Physical wealth does mean something. A good meal. A good movie. A clean, organised and

spacious house. More effective medical technology. A Microwave oven which takes less time to heat. A washing machine which spin dries your clothes without the need for a wringer. The list goes on.

There's also experiential wealth, and we can also get caught up in positional goods, where we buy things just to show off that we have something expensive. We can get lost in an appreciation of wealth.

Things have improved from a few hundred years ago. Children do not work in mines. We do not die of phosphorus related diseases in factories. We can work fewer hours - though some people work very long hours. And we live longer.

The improvements we've had, in spite of the problems with the economy, in spite of its *Georgist* problems, need to be engaged with. Properly relating to the mixed assessment we can make about progress and changes to the quality of life is a problem for economic commentaries generally, including the commentaries Georgism might bring.

7 Cause of Unemployment

One Georgist author (Gilchrist, 2005) has noted that there are a lot of things which need doing, and according to him, the reason why we have unemployment is because land is too expensive, and the array of taxes which exist act to reduce employment. LVT would better "lubricate" the economy, making it run better and employ more people. Taxing land rather than production would change economic behaviour resulting in higher employment. Further, the wealth accrued by LVT would allow the employment of people in useful tasks as a separate measure.

The positive impact is apparent, but while unemployment might be lower, it's not clear that it would completely eliminated. A "higher" operating point does not necessarily mean "100%". Further, there might be other compensating effects.

From a Galbraithian perspective, the issue is not economic efficiency as such, because the economy will forever be out of balance. The economy must generate more and more useless goods, and spend more and more time selling those useless goods to people who do not really want them. Making the economy more efficient will not help.

8 Wealth and Poverty

Henry George saw both poverty and wealth side by side, and was staggered by the contrast. He felt that redistributing wealth through LVT would redress this.

So more wealth would end up in the hands of those in poverty. But where does this wealth "comes from" ? Was it pre-existing, now claimed, or is it newly generated wealth ?

Wealth does seem to be unfairly captured through land, but it's not clear this is an effect which singly dominates. Whatever might be the economic causes of "working class poverty", the causes of "skid row poverty" are deeper, emerging from drug use, personal crisis, mental illness and homelessness (Long, 2009).

While, certainly it might be that cheaper land means that people are less susceptible to homelessness, the availability of boarding house accommodation and the actual prices set seem only indirectly influenced by the market.

This observation is several steps removed from economics. Economics may have an influence on poverty, but the point is that if we are to analyse poverty properly, we can't use economics as a hammer which turns every problem into a nail. It then becomes problematic if we use economics to derive general conclusions about *all* poverty.

But, we also have the contradiction of poverty amid a lot of wealth in the economy. There's a lot of wealth - we are just bursting with it. But the wealth is not used productively. So far, there is some agreement with Georgists. However, according to the Veblen/Galbraith point of view, the capture and allocation of this surplus wealth has little to do with the ownership of land.

If we posit a combined economy/society, with inbuilt inequities unrelated to Georgist tensions about land ownership, how much will Georgist reforms improve the situation ? We might expect *some* improvement, but it would only be part of a bigger picture.

9 Property Rights, Knowledge, Interpersonal Trade and Productive Enterprise

9.1 Land Ownership, Price Signals, Community Benefit and Equilibrium

According to Georgism, community activities - for example, building railway lines - but also things like a new shopping centre with cheaper goods and/or better services - act to increase the value of land. This benefit is captured when the land owner sells their land, while it was in fact the result of other's effort. In this way, it is unjust for someone to personally benefit from increased property values.

Land prices, however, result from supply and demand. If the "quality" of the land increases because of services available to it, that can be reflected in price. However, if the population goes up and there is a greater demand, this will also push the price up - but it seems strange to attribute this to "community effort". While this is apparently noted in elements of George's writings (Giles, 2006), as generally promoted, you could easily be forgiven that "community effort" is the only thing which increases land value.

Population is a function of greater policies than Georgism. We could see it as a given. In principle, we could see pricing as a signal - higher prices ought to mean that investment is attracted which then acts to lower prices. At present, much investment seems to be in order to increase the cost of accommodation, not reduce it. In any case, there seems to be a background assumption of equilibrium at work - that the free market will naturally act to reduce prices. However, this seems to be dominated by other factors.

9.2 Ownership of Productive Enterprise, Taxation and the Nature of Knowledge

George views income tax as an intrusion on something which the individual has earned. However, it sees land value increases as something which is fair to take, because the individual has not earned it. Income tax is both wrong and damaging; if people are taxed more they are supposed to work less (Wikipedia:Georgism, 2009).

In the author's case, being taxed less means I would work less, to have the same amount in hand. In my case, and for a lot of economic activity, the goal is sufficiency, not maximisation. Tax is not such a disincentive to economic activity. Just as sufficiency not maximisation is often the goal, net profit is what matters, and as long as there is a net profit there will be economic activity.

Income tax is not such an intrusion, and LVT has its intrusive elements, so that positive effect of social spending justifies the intrusion of taxation, regardless of the source of money.

If we make something and sell it, Georgists assume this operation is completely personal and private, dependent on the sovereign will of the producer/creator/artisan. However, this is not the case. In growing up, we rely on the community to provide us with a spoken and written language. We rely on it for a moral code. We rely on it for the thought structures we use in interpreting the world. We rely on it for the skills we use in manipulating the world. We rely on it to provide us the abstract concept of value which we use in trade. And we rely on the outside world to provide us with someone to sell our widget to. The community *does* contribute something whenever we make and sell something. Actions do not take place in a Georgist vacuum.

This view has some similarities with that of Thomas Henry Huxley (Blundell, 1980). However, Huxley's viewpoint is much stronger. In our actions the societal and personal contributions come together, both have their part. But, because there is this combination, it means that we cannot say that we a "moral right" to our own works. Society has played its part, too. The author's view emphasises "a mixture", Huxley's view totally denies any personal input.

The Georgist argument justifying LVT was not just that it was a good outcome, it was the *right* thing to do. On this analysis, however, income tax is no longer the "intrusion" they make it out to be. It becomes a pressure, a component of the economic mix.

Another Georgist response is that with knowledge, we all have nominally equal access to it, so it factors out (Pavic, 2005). Land is a monopoly, something we do not have equal access to. Therefore we must become more concerned about land. Land is "excludable", unlike knowledge.

However, if you obtain a loan from a venture capitalist, and your business is successful, you might then point to the other 9 firms which went bust and say “why are you getting money from me ? You gave money to all those other firms and they don’t have to pay anything back ...” - Well, that would be a mischevious argument. But it is analogous to the argument about the common availability of knowledge.

Is the public domain truly something we can trawl without any concern for reciprocation at all ? Or is it more like the loan from a venture capitalist, something with an obligation for reciprocation ? My suggestion is that there *is* an obligation to reciprocation.

Further, knowledge is not free. You must spend time, and possibly money, in order to get it. Someone else may have a monopoly on knowledge. For the time that anything is in “shortage”, it earns a component much like the economic rent of land. People might be said to earn economic rent on the monopoly of knowledge that they have at a given time.

The conclusion of this is that knowledge is not something we all have equal access to. Knowledge is a commodity, and it is possible to have a monopoly on it, and earn economic rent from it. From this point of view, taxes on production and exchange, are not immoral, as the process is not private and personal.

Apart from this, one view is that it is only fair to remove more taxes from those who are more able to pay, with indicators of this being more than just the land someone owns.

Georgists may point to the costs of running such a tax system, emphasising the “efficiency” of Georgist tax (Wikipedia:Georgism, 2009; Lambert, 1992). However, it may be worth paying the additional cost of a fairer system. Some people may avoid tax. But it is not clear whether this is a problem with the driving principles behind this tax, or its implementation.

This analysis does not devalue Georgist sentiments about land value increments being unearned. The point is that much activity considered by the Georgists as “privately earned” *also* has an “unearned” component.

9.3 Trade, Deals and Expectations

The value of “freedom” frequently collides with and influences economic ideas, much as economics may claim to be beyond values. Some people mix together personal freedom and economic freedom, with economic freedom being the freedom to work and make deals as you see fit (Wikipedia:Milton_Friedman, 2009). Importantly, economic freedom is also about claiming ownership of objects, and this becomes extended to property rights.

9.4 The Nature of Property Rights

According to Wikipedia, (Wikipedia:Property, 2009), property rights mean that, in regards to something, we can :

1. control its use.
2. have the right to any benefits from it.
3. we can transfer or sell it.
4. we can exclude others from it.

Further, according to Wikipedia, In “The Common Law” (published 1881), Oliver Wendell Holmes divided property into two components. The first is possession, control over a resource based on the practical inability of others to subvert this control. The second is title, which is the expectation that others will recognise rights to control resource, even when it is not in your direct possession.

Every voluntary deal involves the exchange of valued items - which we have either possession or title of. When obstacles to subverting our ownership of something are not worth subverting considering the value of what we have, mere inertia protects our possessions.

Private possessions, outside of crime, need no additional protection. We can maintain what we possess - but did we ever have the right to possess it in the first place ? When do we cross over from something we *can* do because nobody can stop us - to something we *ought* to be able to do, regardless of whether anyone can stop us or not ? They are to some degree separate notions.

One property justification is based on the assumption (the labour theory of property) that you own your own life, and it follows that you must own the products of that life, and that those products can be

traded in free exchange with others.

But, do you truly own your own life, or is this just a function of the fact that it too much effort for others to deny you that ownership ? And it's a strange sort of ownership - what would it mean if you could sell yourself into slavery - for one element of ownership is that you can sell what you own.

In any case, this would only provide for the exchange and privilege of things you have made; it endorses possessions, not property in land or ideas. It seems that much derives from notions of individual sovereignty - that we endorse the freedom of individuals, and certain things emerge from it. However, the justification of effort can be expanded to include property - if you work and invest in a property, you then have the right to that property. This was the source of some early land grants.

Such a definition of property rights was advanced by John Locke (Wikipedia: Property, 2009). He suggested that if you mix your labour with nature, you gains ownership of that part of nature with which the labour is mixed, subject to the limitation that there should be "enough, and as good, left in common for others". This was an important ethical proviso - we take and improve land, but there's still plenty of land left - there's no scarcity of opportunity to develop land, though there may a scarcity of developed land.

This is how "crowdable" the resource is - does your consumption of something prevent other's consumption of it ? When there's land for the taking, claiming your land does not. However, other justifications for property rights seem to have lost this ideal and ethical proviso. But there's a hidden assumption - that in some sense, you are an island, and your own efforts are truly your own. This sentiment has however been challenged by Thomas Henry Huxley, as noted earlier.

9.5 Expectations About Transactions

Our economic exchanges may well be based on rights that are problematic in themselves. When that injustice is not apparent, however, we may be making deals in good faith. This "good faith" starts to challenge some of the sentiments about "responsibility" and "unfairly taking advantage of" which are built into the Georgist analysis. Georgism speaks of the community benefit which a landowner reaps. But what if the landowner does not wish to reap the benefit ? In its own way, it limits the freedom of the landowner, in spite of LVT supposedly being less intrusive.

An individual may have just purchased a property to "live there", settling with no expectation of taking advantage of the increasing price of land, and no want to participate in the improving quality of services around them, which happened without their endorsement or approval. It then seems an intrusion to charge them based on the market price of their land.

If we allow private ownership of land, it is presumptive to think that everyone sits on land so that they can trade it for their own benefit. Some may wish to merely live there, and to force them to move is unfair. Georgists would claim we intrude on someone to make them pay income tax.

The underlying issue is the nature of private ownership of land. George seemed to have no problem with people *occupying* land, but he did have a problem with them claiming the *benefits* of that land. Is just living at a location claiming the *benefits* of that land ? Or, do we need to buy and sell land to claim the benefit of that land ? Can we say that LVT is a tax on people claiming the benefits of that land ? *if* someone owns land *and* is obviously "participating in the market" and "obtaining financial gain" then LVT is an appropriate tax. Its just that we intrude on someone's privacy to assume this is the case.

If there is to be any consistency here about "intrusion", LVT must have two components : a first one, based on the benefit someone draws from the land in living at that location, quite separately to an increase in the land value while they have been living there. And second, a component relating to the increase in land value, if you participate in the market.

This issue has been addressed by others (eg Stowasser, 2006), where a deferment of the land tax was considered useful when you have pensioners or the like. But the two different components have not been considered in these previous analyses.

The suggestion here is to have two land taxes : a first, based on the benefit which you gain by living at a particular plot of land, which is very much analogous to rates as they are paid now. This component could not be avoided. There would be a second component, more like the LVT the Georgists advocate, which would reflect the increase in land value.

It should be possible to defer the non-rate land tax if you are an owner-occupier and conscientiously object to the tax. Such objection means that you are living where you are living, and have decided to “opt out” of the market, and are not planning to make a financial return on your property. In this case, only when the property is sold would the land tax be levied. This would make things complicated, and mean the positive effects on development resulting from a “year by year” tax are reduced, but it represents a desire to make the situation fairer.

We do not obligate a connection between owning land and participating in the market. To presume this is, in its own way, an intrusion just as income tax is supposed to be an intrusion.

10 Financial Tensions, Property Tensions, and some Good Points from Georgism

In spite of the author’s overall criticism of Georgists, some Georgist observations are interesting.

The first is that most promoted computer economic models do not have LVT as a parameter. You can change a single thing : “tax”. Charge too little tax, and inflation will go up. Charge too much and economic activity will decline. However, Georgists do claim that LVT does not dampen economic activity, and has different characteristics to the blunt “tax” normally used in economic models. This is an interesting claim.

At the same time, contemporary Macroeconomics shows a great deal of concern about inflation and interest rates. How does Georgism relate to these concerns ? Will they evaporate once Georgist reforms are applied ? The claim is made, but I wonder if this claim can be made in such a sweeping fashion. I remain skeptical.

11 Conclusion

While Georgist analysis represents a useful perspective on the world, and a good way of identifying and analysing some injustices, its consistency in its moral appraisals is questionable, and it remains susceptible to many critiques which might also be made of mainstream economics, the very thing which it has claimed to have comprehensively distinguished itself from.

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