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Almost Thou Persuadest Me

Or, Why I Am Not (Quite) a Georgist

Kevin Carson

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I participate in a lot of Georgist discussion forums, and have quoted quite a few Geolibertarians of various stripes in my blogposts. Generally speaking, I am on quite friendly terms with Georgists, and have a lot of sympathy for their ideas. But I've never found their arguments convincing enough to embrace full-blown Georgism.

Of course, the individualist anarchists' occupancy-and-use ideas on land ownership have a lot in common with Georgism. Both theories are outgrowths of the radical fringe of early classical liberalism. They both, in very Ricardian terms, tend to see landlordism as a form of parasitism, a sinkhole that absorbs the fruits of progress created by human labor and ingenuity. Both theories, as distinguished from mainstream Lockeanism, are premised on the understanding that "land is different," because "they're not making any more of it." Both mutualism and Georgism operate on the assumption that, both because of this limited supply, and the fact that they are not the product of human labor, land and natural resources are in some sense the common inheritance of mankind. The Georgists treat the community as steward for this common heritage in a much

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more active way, seeing it as the proper agent for collecting the compensation owed everybody else when somebody removes a piece of land from the common. Mutualists and individualists see the common property in land as a much more residual thing, extending only to refusing to enforce absentee titles on behalf of someone who wants to exclude others from a piece of land, when he isn't using it himself.

Although I don't (ultimately) go along with the idea of a land value tax on ordinary commercial and residential land, I am quite favorable to the Geolibertarian idea of treating especially limited resources (aquifers, old-growth forest, mineral deposits, coastal and riparian frontage, etc.) as a common, with the community regulating access to them.

And although I don't favor the LVT as part of an end-state society, I'm a lot more open to it as a transitional measure. That is, if we accept that the state will be abolished gradually, and that some taxation will take place in the transition period, a tax on the site value of unimproved land is probably the least unjust tax anybody could come up with. If my state or local government proposed abolishing sales and personal property tax, and real estate tax on buildings and improvements, and shifting it all to an increased tax on site value, I'd enthusiastically support it.

All this being said, I still haven't been sold on the full package of goods. For one thing, I don't believe there are many (if any) genuine "public goods" that can't be funded by user fees on the people actually benefiting from public services. And when a service can be funded by user fees, I prefer to do so. People make much more rational use of such things when they're priced according to cost and they have to pay for what they use, than when they're funded out of general revenue. So either the rent the community collects will be extremely low, or there will be an almighty big citizen's dividend from what's left over.

I also don't think the problem of economic rent is that serious, in and of itself. It would be mitigated considerably under an occupancy-and-use regime, and a society in which public services were provided on the cost principle.

For example, a great deal of the present inflated value of favorably situated land is actually an externality from subsidized infrastructure. Good schools, subsidized roads, utilities, etc., drive up property values when the recipients of these goods don't pay the full cost of providing them. If they were funded on a cost basis, and the people using them were assessed the full cost of providing the service, it would reduce the demand-driven market value of real estate quite a bit.

A lot of inflated site value in urban areas also results from artificial scarcity: that is, it's really an indirect result of absentee landlord rent, not economic rent as such. Nock, despite being a Georgist, himself noted as much in his discussion of the political preemption of land. A great deal of the scarcity of land is artificial, resulting from large parcels being held vacant by absentee owners for speculative purposes. If all such land in built-up areas were opened to settlement, the rental value of the rest would go down considerably.

In addition, economic centralization increases the scarcity of favorably situated land. It's simple geometry. When industry is small-scale and for local production, and population is dispersed into lots of pedestrian-bicycle friendly mixed-use communities of a few thousand people, it will be a lot easier to find commercial land within a short distance of one's customers. Likewise zoning restrictions on mixed-use development, which artificially increase the distance between where people live and where they shop and work. When economic activity is dispersed and local, and neighborhoods include both homes and businesses, favorably situated land will be a lot less scarce compared to the general population.