

THE ALL-DEVOURING RENT THEORY

Many Georgists still subscribe to the all-devouring rent theory. According to this concept, the monopoly power of land owners is so great that the rent of land inevitably absorbs all the benefits of "material progress," and this condition will persist as long as the present system of private property in land prevails.

Therefore it is contended that all other reforms proposed, however desirable they may be, will prove futile and the logical conclusion is that the Single Tax is the only effective remedy. The Single Tax would make land common property by confiscating all land rent, taxation being proposed as the most effective means to make the rent of land common property while retaining private land titles.

The validity of the all-devouring rent theory has never been proven. On the contrary, there appears to be clear evidence that both labor and capital have shared very substantially in the benefits of material progress. Land monopoly is a menace to the extent that it actually prevails but there is still in America at least, a substantial degree of competition between land owners. Hence the power of the private land owner to oppress labor and industry, while significant is by no means unlimited.

But for the sake of argument, let us assume that the thesis of Henry George is sound, and that land rent does tend to absorb most, if not all of the benefits of material progress. Could this process be reversed, and if so, is land value taxation an effective means to achieve such a result?

What did Henry George teach with respect to the effect of taxation on land rent? George taught that land owners could, indeed, absorb even the benefits of tax reforms as long as nothing were done to check land monopoly. But he certainly did not teach that land owners would still retain the power to absorb all the benefits even of the Single Tax itself. He declared that the land value tax could not be shifted and that therefore tax relief for the products of labor could not be absorbed by land owners. He made it clear that the selling price of land would fall and that speculative rent would either be eliminated or greatly reduced.

Hence there is no justification for the contention of some that Henry George predicted a great increase in the gross rent of land, or ever sanctioned the theory that tax exemptions would be capitalized into higher land prices. Such a thesis would be in direct conflict with the teachings of Henry George and most eminent economists that the land value tax could not be shifted. Though it might be true that all other reforms would prove futile, to transfer taxes from labor to land would not be futile because the pressure of high land taxes would exert such a strong pressure on land owners that land monopoly and speculation would no longer be profitable and the supply of land on the market would be greatly increased, so as to offset any increased demand for land that might result from tax reform.

(1) "Whatever be the character of the improvement, its benefit, land being monopolized, must ultimately go to the owners of land."-- Social Problems.

(2) "Land, without which there can be no production, is monopolized, and the competition of producers for its use forces wages to a minimum and gives all the advantage of increasing productive power to land owners, in higher rents and increased land values."

-- Progress and Poverty.

(3) "The robber that takes all that is left is private property in land."

-- Protection or Free Trade

(4) "A Tax on rent compels the land owners to pay more. It gives them no power to obtain more for the use of their land."

-- Progress and Poverty.

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