

Are you a Real Libertarian, or a ROYAL Libertarian?

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Are you a Real Libertarian, or a ROYAL Libertarian?

by Dan Sullivan

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We call ourselves the "party of principle," and we base property rights on the principle that everyone is entitled to the fruits of his labor. Land, however, is not the fruit of anyone's labor, and our system of land tenure is based not on labor, but on decrees of privilege issued from the state, called titles. In fact, the term "real estate" is Middle English (originally French) for "royal state." The "title" to land is the essence of the title of nobility, and the root of noble privilege.

The royal free lunch

When the state granted land titles to a fraction of the population, it gave that fraction devices with which to levy, and pocket, tolls on the fruits of the labor of others. Those without land privileges must either buy or rent those privileges from the people who received the grants or from their assignees. Thus the state titles enable large landowners to collect a transfer payment, or "free lunch" from the actual land users.

The widow is gathering nettles for her children's dinner; a perfumed seigneur, delicately lounging in the Oeil de Boeuf, hath an alchemy whereby he will extract the third nettle and call it rent. – Carlyle

Tortured rationalizations

According to royal libertarians, land becomes private property when one mixes one's labor with it. And mixing what is yours with what is not yours in order to own the whole thing is considered great sport. But the notion is filled with problems. How much labor does it take to claim land, and how much land can one claim for that labor? And for how long can one make that claim?

According to classical liberals, land belonged to the user for as long as the land was being used, and no longer. But according to royal libertarians, land belongs to the first user, forever. So, do the oceans belong to the heirs of the first person to take a fish out or put a boat in? Does someone who plows the same field each year own only one field, while someone who plows a different field each year owns dozens of fields? Should the builder of the first transcontinental railroad own the continent? Shouldn't we at least have to pay a toll to cross the tracks? Are there no common rights to the earth at all? To royal libertarians there are not, but classical liberals recognized that unlimited ownership of land never flowed from use, but from the state:

A right of property in movable things is admitted before the establishment of government. A separate property in lands not till after that establishment.... He who plants a field keeps possession of it till he has gathered the produce, after which one has as good a right as another to occupy it. Government must be established and laws provided, before lands can be separately appropriated and their owner protected in his possession. Till then the property is in the body of the nation. – Thomas Jefferson

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"But we're used to it"

A favorite excuse of royal libertarians is that the land has been divided up for so long that tracing the rightful owners would be pointless. But there can be no rightful owners if we all have an inalienable right of access to the earth. It is not some ancient injustice we seek to rectify, but an ongoing injustice. The piece of paper granting title might be ancient, but the tribute levied on the landless goes on and on.

One might as well have accepted monarchy under the excuse that whatever conquest led to monarchy occurred centuries ago, and that tracing the rightful monarchs would be pointless. Indeed, landed aristocracy is the last remnant of monarchy.

Phony Laissez Faire

AFTER conquest and confiscation have been effected, and the State set up, its first concern is with the land.... In its capacity as ultimate landlord, the State distributes the land among its beneficiaries on its own terms. – Albert J. Nock, *Our Enemy the State*

The English free-trader Cobden remarked that "you who free the land will do more for the people than we who have freed trade." Indeed, how can anyone speak of free trade when the trader has to pay tribute to some favored land-entitlement holder in order to do business?

This imperfect policy of non-intervention, or laissez-faire, led straight to a most hideous and dreadful economic exploitation; starvation wages, slum dwelling, killing hours, pauperism, coffin-ships, child-labour -- nothing like it had ever been seen in modern times...People began to say, if this is what State abstention comes to, let us have some State intervention.

*But the state **had** intervened; that was the whole trouble. The State had established one monopoly--the landlord's monopoly of economic rent--thereby shutting off great hordes of people from free access to the only source of human subsistence, and driving them into factories to work for whatever Mr. Gradgrind and Mr. Bottles chose to give them. The land of England, while by no means nearly all actually occupied, was all **legally** occupied; and this State-created monopoly enabled landlords to satisfy their needs and desires with little exertion or none, but it also removed the land from competition with industry in the labor market, thus creating a huge, constant and exigent labour-surplus. [Emphasis Nock's] – Albert J. Nock, "The Gods' Lookout" February 1934*

State land vs. common land

The distinction between common property and state property is lost on royal libertarians. Common property is that to which we all have inalienable rights. State property is that which the state actually owns, and can dispose of as it sees fit. For example, a public right of way is literally a right of way. Under principles of common law, nobody, not even the king, could close a traveled road and make it private property. A state maintenance truck, on the other hand, is state property, which can be sold if it no longer suits state purposes.

The earth, therefore, and all things therein, are the general property of all mankind, from the immediate gift of the Creator. – William Blackstone

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It is a royal libertarian notion, and not a classical liberal ideal, to treat land as state property, for if land did not rightfully belong to the state, how could the state have granted it to favored citizens?

Classical liberals, not royal libertarians, are the ones who deny the state's right to appropriate the earth and allocate it to privileged individuals on favored terms. Classical liberals also who hold the key to abolishing taxation, by suggesting that the community (not the state) charge a user fee to landholders based on the value of the land.

The ultimate user's fee

Classical liberals recognized that exclusive access to land, and especially to more land than one was using, was a privilege that should be paid for, thereby eliminating the need for taxes. It is not a fee for using land, but a fee for the state privilege of denying use of that land to everyone else.

Men did not make the earth.... It is the value of the improvement only, and not the earth itself, that is individual property.... Every proprietor owes to the community a ground rent for the land which he holds. – Tom Paine, "Agrarian Justice," paragraphs 11 to 15

Another means of silently lessening the inequality of [landed] property is to exempt all from taxation below a certain point, and to tax the higher portions or property in geometrical progression as they rise.
– Thomas Jefferson

Today's land value tax advocates consider graduated land value tax to be unnecessary and problematic, leading to artificial subdivision (and phony subdivision) of land. The point is that Jefferson, to whom libertarians pay homage, considered land monopoly a great evil and land value tax a remedy, as did many other classical liberals:

Ground rents are a species of revenue which the owner, in many cases, enjoys without any care or attention of his own. Ground rents are, therefore, perhaps a species of revenue which can best bear to have a peculiar tax imposed upon them. – Adam Smith

Landlords grow richer in their sleep, without working, risking, or economizing. The increase in the value of land, arising as it does from the efforts of an entire community, should belong to the community and not to the individual who might hold title. – John Stuart Mill

Two different kinds of indirect taxation

One of the most perverted twisting of concepts is reflected in what Hamilton called "indirect taxation." To him, and to many royal libertarians, indirect taxation is "hidden" taxation, as a value-added tax or sales tax that is buried in the price of purchased goods. This kind of indirectness is hardly admirable, and is similar to the kind of indirectness involved in chicanery and duplicity. Small wonder Jefferson called Hamilton a monarchist.

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The Articles of Confederation embodied an entirely different concept of indirect taxation. The United States was to levy a tax, not on individual property holders, but on each state, based on its aggregate land value. The assumption was that each state would levy a similar tax on each county, and so on down to the individual. In this way, the individual would never have to face a federal tax agent directly, and if the federal government did not have the full support of the states, it could not bully them as easily as it could bully individuals.

Unfortunately, states did not support the federal government to its satisfaction from the beginning (being strapped from the war). Rather than working things out patiently, Hamilton introduced power-centralizing measures into the new Constitution. One was the other kind of indirect taxation, the mosquito-bite kind that you don't see happening. Royal libertarians trumpet this covert taxation as a virtue over direct real estate taxation, even when it means that "free trade" is being taxed.

Socialist Confusions

The classical liberal distinctions between land, labor and capital were greatly confused by socialists, and particularly Marxists, who substituted the fuzzy abstract term, "means of production," for all three factors. They also blurred the distinction between common property and state property, for socialists believed, as royalty also believed, that they were the people.

Today, the confusions between land and capital and between state property and common property are shared by socialists and royal libertarians, and only classical liberals keep these distinctions clearly defined. Yet royal libertarians frequently duck the land issue by charging that it is the classical liberals, not the royal libertarians, who have embraced socialist ideas.

Blocking Locke

John Locke is often misrepresented by royal libertarians, who quote him very selectively. For example, Locke did say that:

Whatsoever then he removes out of the state that nature hath provided, and left it in, he hath mixed his labour with, and joined to it something that is his own, and thereby makes it his property.

But Locke condemned anyone who took more than he needed as a "spoiler of the commons":

...if the fruits rotted, or the venison putrified, before he could spend it, he offended against the common law of nature, and was liable to be punished; he invaded his neighbour's share, for he had no right, farther than his use called for any of them, and they might serve to afford him conveniences of life.

The same measures governed the possession of land too: whatsoever he tilled and reaped, laid up and made use of, before it spoiled, that was his peculiar right; whatsoever he enclosed, and could feed, and make use of, the cattle and product was also his. But if either the grass of his enclosure rotted on the ground, or the fruit of his planting perished without gathering, and laying up, this part of the earth, notwithstanding his enclosure, was still to be looked on as waste, and might be the possession of any other.

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Locke also restricted appropriation of land by the proviso, ignored by royal libertarians, that there must be still enough, and as good left; and more than the yet unprovided could use. So that, in effect, there was never the less left for others because of his enclosure for himself: for he that leaves as much as another can make use of, does as good as take nothing at all.

Now if the situation is that there is enough free land, and as good, left after you take and cultivate your land, than your land has no market value, for who would pay you for land that is not better than land that can be had for free? So, besides the fact that Locke's justification of privatizing land is far more limited than royal libertarians portray it to be, it is irrelevant to the question of land value tax, as it applies only to land that has no value.

Furthermore, Locke based his scenario on pre-monetary societies, where a landholder would find that "it was useless, as well as dishonest, to carve himself too much, or take more than he needed." With the introduction of money, Locke noted, all land quickly became appropriated. Why? Because with money, those who can take more land than they have personal use for suddenly have reason to do so, as between them they will have taken all the land, and others will have to pay rent to them. So, with the introduction of money, the Lockean rationale for landed property falls apart, even according to Locke.

And while Locke did not propose a remedy specifically for to this problem, he repeatedly stated that all taxes should be on real estate.

The tragedy of the common misunderstanding

In their search for excuses to deny any common right to land, royal libertarians are fond of citing Garrett Hardin's work, "*Tragedy of the Commons*." Or at least they cite the title, which is all most royal libertarians are familiar with. Hardin is himself an advocate of land value taxation, and has criticized misinterpretations of his work with the lament that "The title of my 1968 paper should have been 'The Tragedy of the *Unmanaged Commons*.'" [Emphasis Hardin's]

Thoughtful Libertarian Party leadership

Fortunately, the bias toward royal libertarianism has been shaken off by many of the philosophical leaders of the party. Founder David Nolan supports land value tax as the only tax that does not fall on productivity, and the late Karl Hess often described land value tax as the one tax to levy until the state could be abolished entirely. It is mostly the von Misesians, the Objectivists, and the wishful thinkers who adopt the royal rationalization that they can hoard all the land to themselves with impunity.

The red, red herring

Royal libertarians are fond of confusing the classical liberal concept of common land ownership, particularly as espoused by land value tax advocate Henry George, with socialism. Yet socialists have always been contemptuous of George and of the distinction between land monopoly and capital monopolies. However, Frank Chodorov and Albert J. Nock (the original editors of *The Freeman*) were both advocates of George's economic remedies as well as lovers of individual liberty.

The only reformer abroad in the world in my time who interested me in the least was Henry George, because his project did not contemplate prescription, but, on the contrary, would reduce it to almost

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zero. He was the only one of the lot who believed in freedom, or (as far as I could see) had any approximation to an intelligent idea of what freedom is, and of the economic prerequisites to attaining it....One is immensely tickled to see how things are coming out nowadays with reference to his doctrine, for George was in fact the best friend the capitalist ever had. He built up the most complete and most impregnable defense of the rights of capital that was ever constructed, and if the capitalists of his day had had sense enough to dig in behind it, their successors would not now be squirming under the merciless exactions which collectivism is laying on them, and which George would have no scruples whatever about describing as sheer highwaymanry. – Albert J. Nock "Thoughts on Utopia"

Von Mises misses

Ludwig von Mises acknowledged in several places wholly unique distinctions between land and capital, but in his zeal to denounce land value tax, stated that,

Classical economy erred when it assigned land a distinct place in its theoretical scheme. Land is, in its economic sense, a factor of production, and the laws determining the formation of the prices of land are the same that determine the formation of other forms of production.

Or, paraphrasing of Jay Leno, go ahead and buy up the land. We'll make more. The difference between land and capital is huge, and explains why the cost of silicon chips goes down as demand goes up, while the cost of Silicon Valley goes up as demand goes up. There is no natural monopolization of capital, but, with state sanction, there is monopolization of land. But von Mises would sooner obscure these distinctions in socialist fashion than to embrace a proposal he mistakenly thought to be socialist.

In his first edition of *Human Action*, von Mises attacked land value tax as based on the socialist principle that legitimate property flows only from labor. But that is also a libertarian principle, a classical liberal principle, an Austrian principle, and even the von Misesian principle behind private property! So, by the third edition, von Mises changed his text to read that land taxers claim legitimate property flows only from manual labor.

This is much more logically consistent, but factually incorrect. It is a correct assessment of what many socialists believe, but it is not a correct assessment of what land taxers believe. Henry George, the most prominent land taxer of all, wrote in his magnum opus, *Progress and Poverty*,

Thus the term labor includes all human exertion in the production of wealth, and wages, being that part of the produce which goes to labor, includes all reward for such exertion. There is, therefore, in the political-economic sense of the term, no distinction as to the kind of labor, or as to whether its reward is received through an employer or not....

George also defended the ownership of property that flows from the employment of capital.

Perhaps von Mises was biased by his location in Europe, where classical liberalism had not fared as well as in America. He might also have first seen land value tax in the Communist Manifesto, and not realized that it was there as a socialist ploy to co-opt support from classical liberalism. (Marx expressed contempt for land value tax as a reform in its own right, and openly stated that his support of it was only to draw people to what he really wanted, which was to control capital.) If this is where von Mises got his first exposure to the idea, it would not be surprising to see him close his mind to it.

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Ayn Rand comes sooo close!

Ayn Rand made arguments against perpetual intellectual property that are remarkably similar to arguments against perpetual landed property. She also saw the distinction between land and capital in terms of common vs. private property, but fell back into confusion at other times. She rightly chastised the Encyclopaedia Britannica's definition of capitalism for confusing land and capital, which she quoted as follows:

*Fundamental to any system called capitalist are the relations between private owners of nonpersonal means of production (land, mines, **industrial** plants, etc., collectively known as capital) [emphasis Rand's]*

Then she quoted a John Galt speech in Atlas Shrugged in which Galt stated sarcastically, "A factory is a 'natural resource', like a tree, a rock or a mud puddle."

By Jove, I think she's...

But are the heroes of Atlas Shrugged real capitalists? The inventor John Galt is, and perhaps Hank Rearden of Rearden Metals is, too, although one wonders where he got his ore and fuel. But Taggart Railways enjoys extremely valuable right-of-way privileges from the state. (Once land is parceled out, it is virtually impossible to build a railroad without either land value tax or eminent domain.)

Then there is Francisco D'Anconia, who owned the world's richest copper deposits, and who took delight in blowing up his mines and driving the price of copper through the roof something that would not work nearly as well for a capitalist as for a resource monopolist, as there is no way competitors can make copper ore that doesn't already exist, and, buried or not, D'Anconia's copper ore still belonged to him.

The economics of Galt's Gulch

Most revealing of all is the Randian utopia, Galt's Gulch, which was financed entirely from, yes, land rents. Midas Mulligan owned the whole place, and was, in essence, the government. All the common services, from Galt's magic energy machine to Hank Rearden's village railroad, to their defense system (some sort of jammer that made the valley invisible to passing planes) were financed from ground rents collected by Mulligan from the landholders. Although politically Galt's Gulch was a monarchy, economically it was a Georgist Single-Tax community, with all community services paid for from the rent of land.

Who has the authority to collect land rent?

Many libertarians struggle with the legitimate question of how any governing body achieves rightful jurisdiction in a community, and we join them in opposing collection by such super-statist organizations as the United Nations, which is substantially a federation of tyrannies. However, royal libertarians raise the question selectively and rhetorically in regard to community collection of land rents. They acknowledge that there must be courts to settle, among other things, property disputes. It seems rather obvious that whatever entity has authority to rule on who gets the land also has authority to rule on who gets the land rent.

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Fear of a funded government

There is also a well founded libertarian concern that land rent could provide funds enough to support a corrupt and oppressive government. Most libertarian supporters of the governmental collection of land rent therefore fall into two camps. One would give the people power to limit how much money the government can take, but would stipulate that all such money come entirely from ground rents and natural resource severance royalties. The other would take the full rent, but would stipulate that the government can still only spend what the citizens authorize it to spend. The rest would be distributed on a per-capita basis.

Ending excuses for big government

Much of the government spending to which libertarians strenuously object is made necessary by its taxing productivity instead of land values.

The property tax falls mostly on improvements, so less housing is built, giving the government an excuse to build public housing. Profits are taxed, leading to less employment and giving government an excuse to spend money on economic stimulus projects. Family income is taxed to the point that they have difficulty buying a house or sending their children to college, so government institutes subsidized mortgages and student loans.

Even the indirect effects are substantial. Land speculations gone sour chew up inner cities, so poor people turn to crime (if drug selling and prostitution be crimes) and the government gets an excuse to beef up the police state.

Politically connected real estate interests see that they can buy up land in the boondocks for a pittance and then get other taxpayers to build them a superhighway, increasing the value of their holdings by orders of magnitude. With land value tax they would have ultimately paid for their own highway or more likely would not have had it built in the first place.

Even welfare increases do not stay in the hands of welfare recipients, but are quickly greeted by higher rent demands from ghetto landlords. (The War on Poverty did little to end poverty, but it did a lot to enrich absentee owners of poor communities.)

All goes back to the land, and the land owner is enabled to absorb to himself a share of almost every public and every private benefit, however important or however pitiful those benefits may be. – Winston Churchill

Isn't there some other way?

There are two models that tie land ownership with use. One is replacing all taxes on productivity, that is, on land use, with taxes on the value of land itself. The other is the Lockean pre-monetary system. It would have to rely on a judicial mechanism, whereby you assert your claim to land by demonstrating that you are using the land. While the latter method does not provide any community funds (a mixed blessing, perhaps), it does subject your landhold to the discretion of that judicial mechanism. It is far less intrusive into your business for the community to assess the market value of land than to assess the validity of what you are doing on that land.

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Can't we do this without the state?

There are, in fact, proprietary communities operating on the single tax model. Arden, Delaware, with a population of 4900, has had no local taxes since 1900. The Arden Corporation collects a fair market rent on each land parcel, which is reappraised annually. (They actually collect only about a fourth of the rent to which they are entitled.) From that they not only pay for all the municipal services, but rebate all property taxes levied by the county and school district.

There are excellent reasons for libertarians to prefer the land trust route over the political route. Private communities can be built on explicit contracts (leases) with the citizens, can have internal democratic processes that are vastly superior to electoral democracy, can be far more flexible and free of state intervention, and can be downright profitable (even with trust investors pocketing a mere fraction of the rent). Most of all, dealing with investors is far more pleasant and self-affirming than dealing with politicians.

Geolibertarians

We are libertarians who make the classical liberal distinction between land, labor and capital. We believe in the private possession of land without interference from the state, but in the community collection of land rent to prevent monopolization of land.

We believe that all government activities should at least be limited to those which increase the value of land by more than what the government collects, and that government should be funded entirely from the land value increases it creates.

We oppose direct state monopolization of land as well as state-sanctioned private monopolization of land, and advocate that state and federally held land pay land rent to the communities the same as private land.

We advocate that government be allowed to spend only what is authorized by voter referendum or similar device and that it take for itself the minimum it is authorized to spend. Those who advocate collection of the full rent stipulate that the proceeds be divided among community members on a per-capita or similar basis, for the land, and the rent, belong to the people, not the state.

We condemn the taxation of property improvements, and of all activities, productive, consumptive, or recreational, as invasions by the state into the private affairs of free individuals.