

Re: Murray Rothbard on Georgist fallacies

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- *From:* "Dan in Philly" <[djrr8@xxxxxxx](mailto:djr8@xxxxxxx)>
 - *Date:* Mon, 07 May 2007 18:53:20 GMT
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<w_b_ryan@xxxxxxxxxx> wrote in message ...

Murray Rothbard
Man, Economy and State:

I'm not a big fan of the LVT, but the proponents make good arguments. OTOH, Rothbard's came up short.

<snip Rent vs. Capitalized value stuff>

Example: there are empty plots of land in New York City. Why are they empty? Because they're next door to crack houses. But the land is still expensive to buy. Why? Because the owners are hoping that someday the crack houses will be cleared out, the neighborhood will improve, and the land's value will skyrocket.

This is not in conflict with the LVT. If the owner rents the land to someone now, he'll earn \$0 per year, hence pay \$0 in tax. Then someday, when things improve, he'll rent the land for \$100,000 and pay tax on that.

The landowner earns the highest ground rents by allocating land sites to their most value-productive uses, i.e., to those uses most desired by consumers.

This 'allocating land sites to their most productive value' requires no effort: just sell to the highest bidder.

But since all ground rent is siphoned off to the government, there is no reason for owners to charge any rent.

Wrong. If the government is taxing the landowner \$100,000 per year, that landowner will definitely rent out that land for \$100,000 (not zero as

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Rothbard implied).

The only valid criticism was regarding the government's measurement of land value. Yes, that would be difficult. But right now, measuring 'income' for our income tax is also difficult. Besides, the LVT could be applied at 90% or 80% or whatever, rather than 100%, to allow for some mis-measurement.

Dan in Philly