

Re: Murray Rothbard on Georgist fallacies

Source: <http://sci.tech--archive.net/Archive/sci.econ/2007-05/msg00109.html>

- *From:* "sinister" <sinister@xxxxxxxxxxxxxxxx>
 - *Date:* Tue, 8 May 2007 12:28:53 -0400
-

"Dan in Philly" <[djrr8@xxxxxxx](mailto:djr8@xxxxxxx)> wrote in message
[news:AAK%h.207347\\$RF.203492@xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx](mailto:news:AAK%h.207347$RF.203492@xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx)

<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.

That's not true. If the land really is somewhat valuable---somewhere between \$0/acre and the amount it would be worth if there were no crack houses---then the tax will fall on that value, even if he can't get much income from renting it out as is.

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.

Re: Murray Rothbard on Georgist fallacies

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 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