

Rethinking Land Use: Effective Altruism Meets Georgism

Mental frameworks for policy level interventions

Your Name

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Welcome and Context

- ▶ **Welcome!** Today, we'll explore Georgism—an economic philosophy with potential relevance for effective altruists.
- ▶ **Effective Altruism (EA):** A movement dedicated to using evidence and reason to find the most effective ways to improve the world.
- ▶ **Why discuss Georgism here?**
 - ▶ EA seeks high-impact solutions to pressing global problems.
 - ▶ Georgism offers a distinctive approach to addressing poverty, inequality, and resource allocation.
 - ▶ *Land Use Reform* as cause area

Motivation for the Land Use Reform Cause Area

- ▶ Increased wealth transform from renters to landowners, reduction of both wages and total economic output by preventing workers from relocating where they can be most productive
- ▶ Building permits, Zooning Laws and Nimbyism as structural roadblocks to societal improvement
- ▶ Surface Sealing, Car focus
- ▶ Housing Crisis as everything crisis

If land use restrictions create these problems, why do they persist? In part, the costs of restricting land use in a given location are incurred by workers who would benefit from moving to that location, and who as such do not yet live there. Since restrictions are created at the local level, they are insensitive to the interests of these workers, who do not vote in those jurisdictions. Other costs of restricting land use—such as reduced economic output—are dispersed across society as a whole. Public choice theory explains why governments neglect these costs and instead focus on the concentrated benefits to landowners—even if, in the aggregate, the costs vastly outweigh the benefits.

Why Might Georgism Interest Effective Altruists?

- ▶ **Root Cause Focus:** Georgism targets the root causes of social and economic problems, rather than just symptoms.
- ▶ **Systemic Change:** Proposes reforms with potential for large-scale, sustainable impact.
- ▶ **Alignment with EA Values:**
 - ▶ Promotes fairness and justice in resource distribution.
 - ▶ Aims to maximize social welfare and reduce poverty.
- ▶ **Room for More Impact:** Land value taxation and related ideas are underexplored in mainstream policy, presenting an opportunity for neglected, high-leverage action.

What is Georgism? (Preview)

- ▶ Economic philosophy developed by Henry George (1839–1897)
- ▶ **Core idea:** People should keep what they produce, but the value of land and natural resources belongs equally to all
- ▶ **Focus:** Fair distribution of *economic rent* from land, natural monopolies, and the commons
- ▶ **Main policy:** Land Value Tax (LVT) — taxing the unimproved value of land, not labor or productive capital
- ▶ **Goal:** Reduce poverty, increase fairness, and fund public goods efficiently.

Why Should Effective Altruists Care?

- ▶ Georgism addresses **systemic causes** of poverty and inequality
- ▶ LVT is efficient, evidence-based, and minimizes economic distortions
- ▶ Revenues can fund public goods, reduce regressive taxes, or provide a basic income
- ▶ Historical and modern examples show practical impact (e.g., land reforms in Taiwan, Japan, and pilot communities)

Georgism and Effective Altruism Values

- ▶ **Prioritization:** Tackles neglected root causes of global problems
- ▶ **Evidence-based:** Supported by economists for efficiency and fairness
- ▶ **Global Wellbeing:** Aims to eliminate poverty and promote prosperity for all
- ▶ **Systemic Change:** Offers a scalable, policy-level intervention

Outline of talk

A brief history

The Law of Rent

Core Principles

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What Is Georgism?

- ▶ **Georgism** (also known as Geoism or the Single Tax Theory) is a social economic philosophy developed by Henry George in the late 19th century.
- ▶ Core idea: **People should own the value they produce**, but the **economic rent from land and natural resources should belong equally to all of society**.
- ▶ Focuses on land, natural resources, and the commons as sources of unearned income that should be shared.

Historical Background

- ▶ Emerged in the late 19th century, rooted in classical liberalism and political economy.
- ▶ Influenced by thinkers like John Locke, Adam Smith, and John Stuart Mill.
- ▶ Sought to address persistent poverty despite technological progress and wealth creation.

Key Figure: Henry George

- ▶ American economist and social reformer (1839–1897).
- ▶ Author of *Progress and Poverty* (1879), a bestseller second only to the Bible in the US at the time.
- ▶ Sought to explain why poverty persists alongside economic growth, identifying private land rent as a key culprit.

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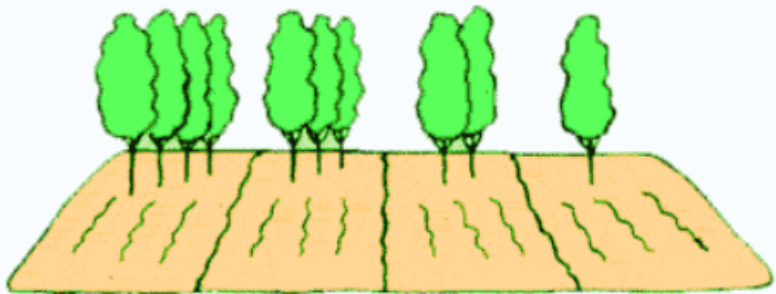
David Ricardo and the Law of Rent

David Ricardo (1772–1823) was a prominent classical economist who formulated the Law of Rent in his 1817 work *On the Principles of Political Economy and Taxation*.

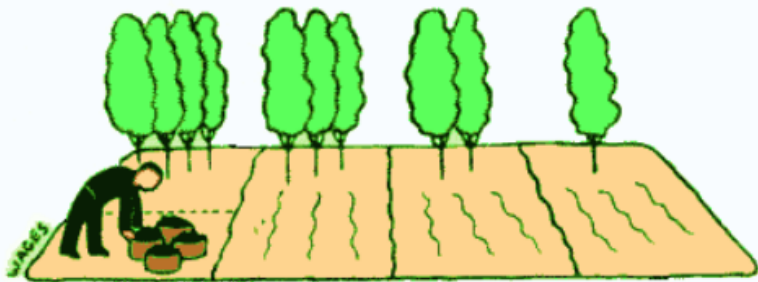
“Rent is always the difference between the produce obtained by the employment of two equal quantities of capital and labour.”

<https://www.youtube.com/watch?v=0y1tJHY6g5I>

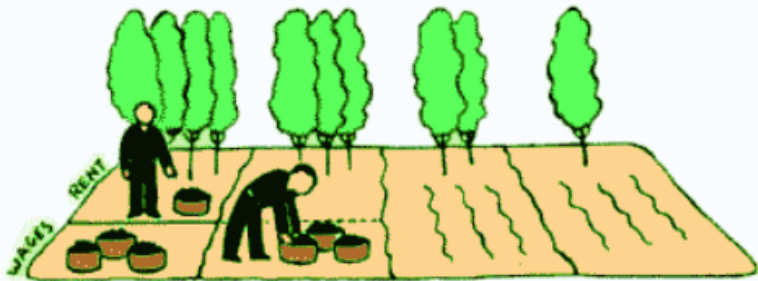
1. Different Grades of Land



2. First Comer - All Wages



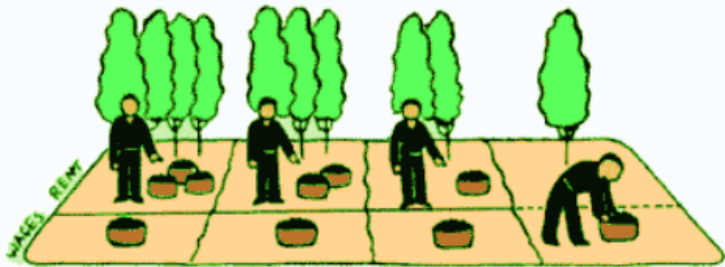
3. Second Comer - Rent Begins



4. Third Comer - Further Rise of Rent



5. Fourth Comer - All Land Used



6. Other Natural Differences



7. Growth of Population

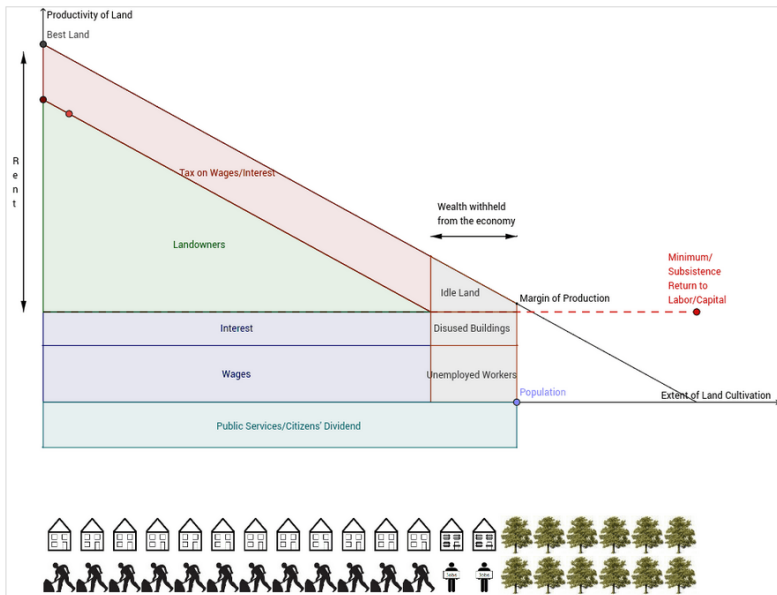


8. Effect of Industrial Growth



9. Land Speculation





Ricardo's Law of Rent:

- ▶ **Definition:** Rent is the portion of the produce of the earth paid to the landlord for the use of the original and indestructible powers of the soil.
- ▶ **Key Principle:** Rent arises due to differences in land fertility and location. It is the economic advantage obtained by using a land site in its most productive use, relative to the advantage from using marginal (rent-free) land, given the same inputs of labor and capital.
- ▶ **Marginal Land:** The least productive land in use, which earns zero rent. All other land earns rent equal to its excess productivity over marginal land.
- ▶ **Implications:**
 - ▶ As population grows, less fertile land is cultivated, increasing rent on superior land.
 - ▶ Rent does not enter into the cost of production; it is a surplus accruing to landowners.

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The Central Principle

- ▶ **Distinction:** People own what they produce, but land and natural resources are not produced by anyone.
- ▶ **Single Tax:** Proposes a tax on land value (not on labor or capital) to fund public goods and reduce inequality.
- ▶ **Goal:** Economic efficiency, social justice, and reduction of poverty by sharing unearned income from land.

The few different ways to make money in the economy

- ▶ Labor: You can sell your time to produce more of a valuable good or service.
- ▶ Capital: You can lend someone else your money, allowing them to make investments that will produce more valuable stuff.
- ▶ Information: You can do research, developing and selling knowledge of ways to create more valuable stuff.
- ▶ Entrepreneurship: You can take on personal risk and leverage the labor, capital, and information of others to create new valuable stuff.

And then there's land ownership. You can buy land, and then you collect rent from people who want to use your land.

Problems with land ownership

- ▶ (scarcity) there's a fixed supply of land. Realistically you can't create or destroy land (surface, which is a mathematical area).
- ▶ (inelasticity) the demand for land is very stable. You can't decide to just not take up any physical space tomorrow.

This means

- ▶ landowners are effectively always running an auction for land use
- ▶ the rent for land use keeps rising to the highest rate someone is willing to pay.
- ▶ because you can't make more land, land owners get to capture more and more value as the economy grows, without the land owners actually doing anything valuable.

Actually, there are a few other things like land

- ▶ domains
- ▶ patents
- ▶ electromagnetic frequencies
- ▶ satellite orbits

(my) rule of thumb: if the thing you pay for is more like a right of usage than an actual item, then the market for it is economically similar to the land market

Land value is (mostly) the value of society

- ▶ Close to essential services like schools, hospitals, shopping centers, and recreational facilities
- ▶ Easy access to public transportation and major highways
- ▶ Near cultural amenities like theaters, museums, and restaurants
- ▶ Safe area with low crime rates
- ▶ Well-maintained public spaces and active community organizations
- ▶ Strong sense of community with local events and activities
- ▶ Located in an area with job opportunities and economic stability
- ▶ Presence of thriving businesses and a flourishing local economy
- ▶ Upcoming infrastructure projects or public improvements planned
- ▶ Zoning changes that allow for increased development potential
- ▶ Scenic views or natural beauty

General Moral Foundation

- ▶ Everyone should benefit from natural resources and societal progress.
- ▶ Privately created wealth remains private; socially created wealth (land rent) is shared

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Basic Argument¹

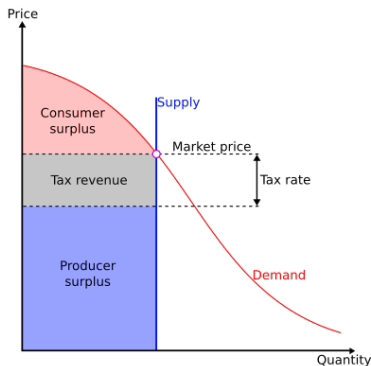
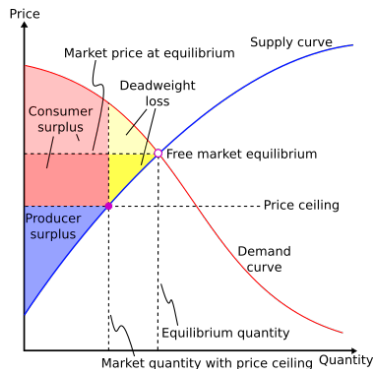
- ▶ Nobody likes taxes, but we gotta pay for some stuff, so we should tax in the least destructive way we can.
- ▶ Turns out, land has this neat property where we can't really create it or destroy it, so it's almost immune to distortionary taxes.
- ▶ Plus, land has this ugly tendency to get hoarded and milked as a source of income for people who don't actually contribute anything to society.
- ▶ Plus plus, because of the eccentricities of how land works, you can tax land a fair amount before landlords can pass those costs on to land users.
- ▶ So, we can cut a bunch of bad taxes, like income tax and sales tax, replace them with a tax on unearned income from land, and make almost everybody better off!

¹inspired by this discussion: https://old.reddit.com/r/georgism/comments/1esw8l9/where_do_you_start_when_introducing_georgism_to/

Destructive Taxes - An Example

- ▶ Imagine there will be a 10% tax on apple sauce starting next year.
- ▶ Producers are allowed to pass them to the consumer (as usual, and it can not be prevented really)
- ▶ Prices will increase by almost exactly 10% (all things being equal)
- ▶ Less people will buy apple sauce, even though the underlying demand does not change
- ▶ In a year's time, there will be around 10% less apple sauce, because here supply follows demand
- ▶ Now imagine this for other, more important goods, like medicine and income taxes that affect prices indirectly

A tax on land value has no dead weight



price ceiling means *price before tax* in this context

source (left): https://en.wikipedia.org/wiki/Deadweight_loss

source (right): https://en.wikipedia.org/wiki/Land_value_tax

- ▶ empty houses/flats will be put on the market because it is financially reasonable to do so
- ▶ additionally there is now incentive to building new houses on vacant lots or add floors to existing buildings in high demand locations
- ▶ the rent distribution will shift downwards
- ▶ (small) businesses will have an easier time finding locations or operating in the existing ones
- ▶ people will move into the city
- ▶ public infrastructure can be funded better
- ▶ if land value is faithfully reflected in parking tickets, people will park cars on their own property or get rid of it
- ▶ tax evasion will become impossible

General Expected Outcomes

- ▶ More equitable distribution of wealth.
- ▶ Incentives for productive use of land.
- ▶ Reduction in speculative land holding and economic inefficiency