

Equal Rights

Volume 33 Number 3

• "All People Have Equal Rights to the Use of the Earth" •

Fall 2003

The New 1% HGFA Policy

Donations from Contributors will still be accepted, of course, and will be used to institute the Single Tax, but now Georgists will be expected to contribute at least 1% of their land value to end the current repressive economic system. 1% - that's not too much of a burden for a true Georgist.

Most Georgists aren't selling the land they own, of course, thereby making an unearned income, but they own land (it usually is under their home) - it has value, 1% of which should be used to end the current unjust economic system. That is what the HGFA is dedicated to do (and has already done to a limited extent - you wouldn't want us to chase pies in the sky).

1% annually - please keep that in mind when donating to HGFA. Also let the officers and trustees know which program you regard as spreading the Georgist Word most effectively. If we know your wishes, they will guide us.

Suppose you do not own any land? Well, you use it (you have to). The average annual land rent per capita in the U.S. is about \$9,250 (but there may be a number of capitas in your family) - be guided by that guesstimate.

Thank You for Helping!
The Henry George Foundation of America actively promotes a proposal that can end involuntary poverty. This proposal can revitalize your city and even the world--and with your continuing support, we are making strides toward this goal. Yet our Foundation's existence is threatened because it is running out of money, consider making a bequest to HGFA. Thank you for helping again.

What YOU Can Do About Land Speculation

The estates of many good Georgists (upon their demise) will benefit from profits derived from the sale of their homes- because those profits come from land-value increases - to be frank, from land speculation (though unintended).

These Georgists have a way out: they can put those land-speculation profits to good use by making a bequest to the Henry George Foundation of America or the Center for the Study of Economics. HGFA/CSE can end land speculation for you. These organizations have already induced many localities to adopt some land value

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Estimating How Much A Single Tax on Land Values Would Collect

Maryland's assessments are highly regarded (even though land values are probably under-estimated) and the state accurately reflects the U.S. population in terms of rural-urban mix and income per capita.

In 2003, its taxable land values per capita came to \$23,308 (CSE, per MD/DAT). Multiplied by the U.S. population (292,169,000,000), U.S. land values would then approximate \$6,810,000,000,000.

In 2003, U.S. federal taxes came to \$1,900,000,000,000 (according to www.taxfoundation.org).

\$6,810 billion of land values invested at 15% would yield

\$1,021,500,000,000 a year in land rent. I think 15% is apropos since that is the expected return on a land investment, but at 10%, U.S. land rent would be \$681,000,000,000 a year.

But this is hardly the whole story. If \$681 billion to \$1.0215 trillion a year in federal taxes were replaced by land value taxation, then we could expect land rent to increase by at least those amounts, and if the gross national product also increased not only because production taxes were reduced but because every land-site in the country was put to its highest and best use (within zoning limits), we could then

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Procedure 28

Here's a simple way to convert the current one-rate property tax to a two-rate land-oriented property tax for those seekers after economic justice who don't like to work with mathematical formulas:

(1) Apply a property-tax rate on buildings that is about 80% of the current rate.

(2) Divide the revenue lost with this lower building rate by the total locality-wide land assessments in order to get the additional tax rate on land assessments needed to maintain revenue neutrality (politicians insist on revenue neutrality).

(3) Add this additional land-tax rate to the current land-tax rate in order to determine the new total land-tax rate.

Now you have determined the new property-tax rate on buildings and the new property-tax rate on land that will yield revenue neutrality.

Example: If land assessments are \$10 million and building assessments are \$30 million, a one-rate property tax on both types of assessments of 2% would yield \$800,000 ($\$40,000,000 \times .02 = \$800,000$).

A two-rate property tax would

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We Need to Advertise

We spend too much money and time talking to ourselves. Meanwhile, the number of our activists is shrinking.

Publicity and articles are good, but they are sporadic and lack that most necessary ingredient – repetition.

Advertising could solve these problems - but consumer advertising is way too expensive, costing millions of dollars. But fortunately, advertisements that reach government officials (our chief prospects) are not expensive.

Let's advertise the Single Tax, now and forever. Here are some suggested ad headlines (additional suggestions from readers are invited):

- What is the Single Tax?
- Here's How to Reduce Taxes for Most People
- Here's How to End Involuntary Poverty
- Equal Rights Requires the Single Tax

Think Globally,

Act Locally

Muse how the Single Tax can promote Justice and Prosperity all over the world, but meanwhile contact your local town officials. Only they make decisions on the taxation of land values in the foreseeable future (don't try to peer beyond that). Abjure academic and public-policy meetings, where LVT could be discussed, but the participants don't make LVT decisions, so nothing results for us there. But first be sure you follow the tried-and-true formulas and procedures (ask us for them).

Lest you think that only Pennsylvania can do the 2-rate LVT, remember that the estimable and charismatic Harry Gunnison Brown retired to that state and attempted to convert cities there to LVT; he gave innumerable speeches all over the state. He even bought a home in Meadville, Pa. in order to convert that city to LVT - but all to no avail because he did not know the correct procedures. For the same reason, many other prominent Georgists also failed (we failed also until we learned the correct procedures).

• Don't Tax Production – Tax Locations Instead

• Here is a Simple No-Cost Way for Your Town to BOOM!

• Single Tax

Imagine getting these messages out beyond our ranks!

Right now, your organization does not have much money to spend on a concerted advertising campaign. Our

first priority must be to see local politicians and get them to go two-rate LVT. We are the only organization doing that so far. But advertising is our next priority. Want to join us? We don't need much money for effective advertising, but we do need \$5,000 a year. If you join us, you get to have a say in what ad themes and media to choose.

Can we include you in our e-mail distribution? *Equal Rights* and *Incentive Taxation* are available via e-mail. Electronic delivery is quick and inexpensive. Request PDF attachment or in-line text issues of *ER* and *IT* by sending the name and address we currently use to equalrights@urbantools.net or incentivetaxation@urbantools.net.

Who Finally Pays the Property Tax on Building Assessments?

Who Finally Pays the Property Tax on Land Assessments?

Henry George, in dealing with this question, wrote: "If we impose a tax upon buildings, the users of buildings must finally pay it, for the erection of buildings will cease until building rents become high enough to pay the regular profit and the tax besides.... The way taxes raise prices is by increasing the cost of production and checking the supply." (Italics added for emphasis)

But since a tax on land assessments will not decrease the supply of land (i.e., it can't increase its cost of production or check its supply), it cannot be eventually passed on. The nominal landowner must pay it and the land's price must decline.

Estimating How Much A Single Tax on Land Values Would Collect

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expect additional increases to land rent.

However, when all is said and done, the whole question of whether land value taxation (LVT) can replace all other taxes is rather academic because if land values should be taxed, then they should be taxed, whether LVT can be the only tax (a single tax) or not. If we can prevent the robbery of \$681 billion to \$1.0215 trillion a year (no doubt more), then it is important to do so as soon as possible.

Procedure 28

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reduce the property-tax rate on building assessments to 1.6% (80% of 2%), which would reduce the locality's revenue by \$120,000 $(.020 - .016) \times \$30,000,000$. Therefore, in order to maintain revenue neutrality, the additional tax rate on land assessments would have to be .012 $(\$120,000/\$10,000,000)$. The total rate on land assessments would then have to be 3.2% $(.012 + .02)$.

Proof: $(.032 \times \$10,000,000) + (.016 \times \$30,000,000) = \$800,000$, same as now.

Internet Gleanings

Ambivalent job references:

- This man is terribly well balanced; he has a chip on both shoulders
- I cannot recommend him too highly.
- He is a man of rare gifts.
- He's not much to look at, but I know his heart is in the right place.

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This is How the Government Could Reduce Taxes on Goods & Services

Cities, states, or federal governments should buy all land-sites at assessed market value and pay for them by issuing bonds. Then they should immediately rent out these land-sites to the present owners at about 6% of the purchase price of the land (the governments will probably end up making some money on this proposal because the assessments will likely be at less than market value and land rents will probably increase over time).

Important: the current owners are to be allowed to use the sites as they wish (within current zoning limits, of course).

This bond-purchase-of-land would have three beneficial effects:

1. If the purchase price were equal to the assessment, it would likely stimulate the assessment of land at full market value.

2. Taxes on labor and capital can be materially reduced, both initially because the governments could end up making some money on this proposal and so could reduce income, payroll, and sales taxes, and certainly it could make these



What YOU Can Do About Land Speculation

Continued from Page 1

taxation and have performed 17 studies -- all proving that land value taxation works, and works well.

In addition, IRS rules could allow your estate to get substantial tax benefits. Just include this statement in your will: "I give \$_____ to the Henry George Foundation of America [or the Center for the Study of Economics], a nonprofit organization at 1422 Chestnut Street (#414), Philadelphia, Pa. 19102."

Feel free to specify the programs you feel are best suited to end land speculation.

(Under current law, some assets are subject to extremely high tax rates when passed to heirs through an estate.)

Thanks!

I was pleasantly surprised by the very warm reception I received from fellow Georgists for my book, *Society at the Crossroads: Choosing the Right Road* -- for which many thanks.

While the book does not focus primarily on the two-rate property tax, an important 12% of it does. It attempts to provide an ethical basis for two-rate, showing how it necessarily follows from the doctrine of equal rights; if you believe in one, you should believe in the other. The book contains a proof of equal rights and primarily focuses on how that proof can counter such social problems as terrorism, crime, drugs, and poverty. --SBC

It is still possible for *Equal Rights* readers to order this book. The discounted cost is \$21.36 (no charge for shipping & handling). Order from:

Aurora Press (MD), 10528 Cross Fox Lane, Columbia MD 21044

reductions eventually when the bonds are fully paid off.

3. It would hasten the adoption of the full collection of land rent and a consequent increase in jobs and prosperity.

It does not seem to be politically feasible to advance this proposal now, but it may be useful after we get a number of two-rate LVT adoptions.

(Reader reaction to this proposal is invited.)

From the Editor

✎ "In 1909 a model T Ford worker took 4000 hours to earn the car's purchase price of \$950. Today's equivalent is 400 hours" (*Land and Liberty*, Summer 2003, p. 2). Does this mean that there's less poverty today?

✎ Trying to kill suicidal terrorists is the height of foolishness; they welcome death. Yes, we need planes and tanks to contain them, but that can be no more than a stopgap measure. The only way to eliminate suicidal terrorism is to give the terrorists a this-world alternative of a prosperous future, and only 100% land value taxation can do this. Liberty will accept no mere lip service.

✎ Herb Lubitz wrote me that I had erred in an *ER* article that a tax on natural resource land-rent can be passed on to consumers. He is perfectly correct; I was in error, albeit inadvertent. Fortunately, the article can stand (better) without the offending assertion. Thanks, Herb!

✎ Much more important than our 20 real-world victories are CSE's 17 empirical studies showing that the adoption of a 2-rate bldg.-to-land shift in the local property tax has *always* been followed by a spurt in new construction & renovation and these 2-rate localities have *always* out-constructed and out-renovated neighboring comparable one-rate localities. These studies will always be true and can never be rescinded.

✎ Let us be rationalists as to ethical principle and relativists as to moral applications. Said Benjamin Franklin: "Abuses of the freedom of speech ought to be repressed, but to whom dare we commit the power of doing it?" (*Society at the Crossroads*, p. 262).

✎ "The man who removes a mountain begins by carrying away small stones." (Chinese proverb)

✎ Ethical relativism asserts that no ethical statement can be proven valid, but it can never be proven valid because it is itself an ethical standard.

✎ Should you feel guilty if you make a land speculation profit? Not if you donate part or all of it to an HGFA bequest, so we can end the land-speculation system.

✎ Long-time Georgist, Jim Chapman: "*Society at the Crossroads* is the greatest book that will ever be written on our problems and the only solution as we know. It is beautifully written--I just loved it. Thanks for writing it."

✎ U.S. land in 1999 (probably more today) accounted for 24% of average house price but only 11% in 1949 (*Philadelphia Inquirer*, 8/15/99, p. 1 Real Estate Section, thanks to Alanna Hartzok for pointing this out).

Victory in Altoona

Could it be that we have not yet announced in *Equal Rights* the Great Georgist Victory in Altoona? In 2002, its property-tax rates were 38.3 mills on both land and buildings (at 35% of assessed market value, incidentally) but for 2003 its rate on buildings will be 30.78 mills on buildings coupled with 91.7 mills on land.

You have to know how to set these rates to get the revenue the city councilors want, but anyone can master the necessary formulas and procedures; it won't be done otherwise. Fortunately, HGFA-CSE knows how to do it (it's more important to us to show that LVT produces new construction).

HGFA will shortly be announcing some new Georgist victories. We're waiting for other Georgist organizations to do likewise.

We Are Single-Taxers, First & Foremost

Are you a left-winger? A right-winger? Democrat? Republican? Whatever. Feel free to join organizations promoting those causes, but keep in mind that as members of Single-Tax organizations, we are beholden to keeping those organizations centered on Single-Tax issues (it seems to me that the eradication of involuntary poverty overshadows what these other organizations can promise, but whatever....).

Our Single-Tax organizations should concentrate only on the Single Tax; members who have other interests (we all do) should pursue those interests elsewhere and not dilute our Single-Tax organizations with extraneous (lesser) goals.

Which Do You Prefer?

(These poems are printed in *Society at the Crossroads*, p. 352-3)

I

There is no good, there is no bad; these be the whims of mortal will

What works me weal that call I good, what harms and hurts I hold as ill.

They change with space, they shift with race, and in the veriest span of time,

Each vice has worn a virtue's crown, all good been banned as sin or crime.

Sir Richard Burton, *The Kasidah*, pt. V, st. I

II

What's thought right in Pandemonia

May be frowned upon in Fredonia.

What's revered in Rome

May be condemned at home.

What wins acclaim in Bonn

May win a jail sentence on the Don

And so on, on and on.

But it does not follow as a sequel

That all ethical standards are equal.

One standard may be truer than the rest,

Though not everywhere recognized as the best.

As two men may differ on the flatness of the earth,

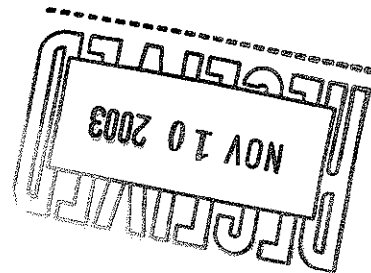
One being right and the other wrong,

So might they differ on ethical worth,

And to one, not the other, may the truth belong.

SBC

Please send us your improvement (or comments) on either or both poems.



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