

# Equal Rights

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"Equal Rights for All, Not Special Privilege for Some"

Spring 1976

## RENEWED CAMPAIGNING IN COLORADO

Dr. James L. Busey reports in a leading news story from the Colorado Springs *Gazette Telegraph*, March 26, that Taxpayers of El Paso County, Inc., has launched a drive to amend the Colorado Constitution to shift taxes from improvements to land. Without a dissenting vote, members at the March meeting decided to attempt to put the proposed amendment on the ballot for the general election in November.

The proposed amendment would add one sentence to Article X, Section 3, viz: "No property tax shall be levied on improvements."

The vote followed reports by two members of the organization's board, James L. Busey and Robert E. Case, who have been working on the proposal this year. For two years representatives of the local group have been attempting to get the Colorado General Assembly either to change the state's tax laws or put the proposed amendment on the ballot. Busey reported that all efforts with the legislature have failed to get more than "one or two positive results" from members of the assembly. So he recommended that the local taxpayers open the campaign.

To put the proposed amendment on the ballot, the organization will have to gather 63,040 signatures. The goal is to have the signatures collected by July 1. They will have to depend on other organizations with similar goals to get enough signatures in time. Case said that the group should solicit help from the news media so that the entire public would be aware of the drive. It was explained that the proposed amendment would:

- Take property taxes off any buildings.
- Put property tax on land, with the land tax rate being increased sufficiently to make up the difference in income after the tax on improvements is done away with. "Uptaxing land and untaxing homes," is the way it was described.

Before the petitions are put into circulation, Busey will seek an opinion from the office of the Attorney General on the legality of the petition wording,

## HENRY GEORGE FOUNDATION SPONSORS 1976 CHICAGO CONFERENCE

Chicago has been selected as the most desirable site for the 1976 National Georgist Conference which the Henry George Foundation of America has been requested to sponsor, and the dates will be July 15-18, 1976. Kendall College, conveniently located in the adjacent suburb of Evanston, offers excellent facilities at moderate cost and has been chosen as the place of meeting by the Chicago Conference Committee consisting of Mrs. Mina Olson, Executive Secretary of the Chicago Henry George School of Social Science, William O. Ranky, Chairman of the Better Cities Committee of Illinois, Sam Venturella, and Mrs. Otto Klinkenberg, President of the Henry George Club.

A large and representative attendance is anticipated because Chicago has always been and continues to be a major center of organized Georgist activity, both national and local. In earlier times the Henry George Foundation held its third annual Henry George Congress in Chicago. Chicago Georgists entertained our national conference in 1933 and again in 1934, during the "Century of Progress" World's Fair. And in 1941, on the eve of America's entrance into World War II, another successful Henry George Congress was held there.

*Action Now* will be the keynote of the Conference and there will be brief reports of activities, both educational and political, from various states and localities. Among the prominent Georgists who have been invited to speak are Perry Prentice, President of the Robert Schalkenbach Foundation; City Councilman Floyd Morrow of San Diego, California; Judge James Clarkson of Southfield, Michigan; Dr. James L. Busey of the University of Colorado; Prof. Arthur P. Becker of the University of Wisconsin; Rev. W. Wylie Young, Swarthmore, Pa.; Dr. Robert V. Andelson, of Auburn University, Alabama; Dr. Steven Cord of the Indiana University of Pennsylvania; Walter S. Rybeck, President of League for Urban Land Conservation, Washington, D.C.; Henry Tideman, President of the Henry George School of Chicago, and Chief Deputy Assessor Theodore Swain of Cook County, Illinois.

Your invitation and a tentative Conference program is enclosed with this issue, and reservation form with details relative to rooms and meals available. All who contemplate participating are requested to send reservations or to communicate with Executive Secretary Percy R. Williams, Henry George Foundation, 336 Fourth Ave., Pittsburgh, Pa. 15222.

## California Initiative Proposed

A proposed initiative for an amendment to the constitution of the State of California was put forward at the annual conference of *Land Equality and Freedom* by Floyd Morrow, Board Chairman. It states among other things:

"Any government, person, or association should enjoy the right to exclusive use and occupation of land only so long as such government, person, or association:

- (a) Complies with any and all land use restrictions imposed by government or contract, and

- (b) Compensates the people of the

and then take the issue to the Secretary of State to get legal approval for the proper possible ballot title for the issue if it gets on the fall ballot.

State, through taxes or rents, for such use."

In addition, this proposal would in effect limit fee ownership of land to only those who both occupy and use the land. It would create County Public Lands Commissions to administer the law.

## Expanding Taxes on Real Property

In the last 15 years the property tax "take" in this country has grown from 16¼ billion dollars to over 51 billion dollars in 1974. This is about one-sixth of the total local, state and national tax revenue, and basically funds the cost of local government.

— ART WOOLERY  
Executive Director

Urban Institute on Land Planning  
*Pennsylvanian*, March, 1975

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## Editorials

### We Advocate More Than A Tax

Advocates of the thinking of Henry George often stress that there was much more to his philosophy than mere fiscal reform; and in more than one editorial in these columns, we have expressed that point. A tendency among all of us is to pay such close attention to the taxation of land values that we neglect to stress its purposes. Those purposes were to end the mother of all monopolies, take the fetters off production, achieve the natural collaboration of labor and capital, and encourage the growth of prosperity and freedom in all aspects of human life.

Our stress on the "land-tax" or "taxation of land values" is so great that it must seem to outsiders that we care more about a special kind of tax than we do about reducing or eliminating other fiscal impositions. From the standpoint of political influence that is unfortunate, because it makes us appear as though we want to increase taxes, not reduce them; and that is no way to gain public support.

*Numerous reforms are very much in line with the Georgist point of view. If we are to achieve the kind of free society that Henry George and kindred thinkers have proposed, we can collaborate in the advocacy of those reforms.*

One such reform, of course, is the land-value tax itself.

A second, which can come to the same thing, is the removal or reduction of taxes other than the land-value tax. In Colorado, for example, the Taxpayers of El Paso County, Inc., a very influential public-interest organization, is now taking the first steps in an initiative-petition campaign which if successful will enable voters to decide whether the state constitution should be amended to remove all taxes from improvements. Georgists can also work to eliminate other taxes, such as the inventory-tax, personal-property tax, sales tax, nuisance business taxes, proliferating state and local income taxes, and so on.

A third reform has to do with the general dismantling of monopoly of all kinds, whether in business, labor, agriculture, or parasitic landholding. In the United States, many powerful pressure

### Are All Taxes Actually Land Taxes?

The correct answer to this question must obviously be in the negative. But strange as it may seem, some Georgist students of economics and taxation profess to have discovered that all taxes now in effect, whatever label they bear, or however imposed, are in fact derived from land rent; that all taxes nominally imposed on capital or labor, actually fall upon private land owners. Needless to say, this concept of taxation is directly contrary to the teachings of Henry

groups are working to end present monopolies and prevent new ones from coming into existence. Some would attack only business monopoly. Others concentrate on labor-union monopoly, or on trying to keep labor unions from playing dominant roles in government. Still others are disturbed about monopoly in agriculture. Georgists can collaborate with all these anti-monopoly groups, and help to achieve a society that comes somewhat closer to the Georgist ideal.

*Fourthly, government is potentially the greatest and most indestructible monopoly of all.* It is very relevant to Georgism to reduce governmental expenditures, cut down the burgeoning public bureaucracy, and get some kind of control over the mushrooming national debt. These relate to Georgism because their effect would be to reduce public expenditures and liberate the population from fiscal and bureaucratic imposition. Organizations such as the National Taxpayers Union are working toward these ends, and are thereby serving some of the purposes of Georgism.

*A fifth reform relates to the freeing of trade, especially international trade, from taxes, duties, tariffs, quotas, and other bureaucratic fetters on the exchange of goods.* George spoke about this directly, but it is normal that a philosophy of freedom would pay close attention to this problem.

These are but a few of the many broad efforts wherein Georgists can collaborate with other people toward the accomplishment of Georgist objectives.

As we said in another editorial (spring, 1973), "the philosophy is more than a single tax." Also, there are more ways to achieve its objectives than to work only for a single tax. It is essential that we regard land-value taxation as a central proposal, because no one else will do this for us; but it is also essential that we not forget there are many other people who are taking other paths to a similar destination.

*Our collaboration with those other people should help to bring us closer to the objective of a freer, more prosperous society. It should also make more friends for our cause.*—JAMES L. BUSSEY

George in *Progress and Poverty* where he stressed the fact that "The tax on land values is the *only* tax of any importance that *does not distribute itself*; it falls upon the owners of land, and there is *no way in which they can shift the burden upon anyone else*. And most economists have always agreed with Henry George in this respect.

Upon examination of the arguments advanced by the dissenters, it appears that this strange concept of taxation is based chiefly on the all-devouring rent theory—an extreme interpretation of the law of rent, which is ascribed to the teachings of Henry George in his treatise on "Protection or Free Trade," where he implied that the abolition of the protective tariff, which he so strongly urged, would likely result only in benefiting the land owners if nothing were done to counteract their monopoly powers. Yet George always adhered to the formula: "Now, inasmuch as the taxation of rent, or land values must necessarily be increased just as we abolish other taxes, we may put the proposition into practical form by proposing—*To abolish all taxation save that upon land values.*"

If it were true that all taxes now fall on land values, there would be no logical reason to advocate a single tax on land values because that would be equivalent to asserting that we already have a Single Tax, and indeed have always had a Single Tax though without realizing that all taxes have always been derived from land rent.

But whatever may be its interpretation, the all-devouring rent theory, at least in its extreme form, has been proven to be untrue; in fact it has been rejected by able critics from the earliest days of the movement, and it is quite apparent that most present-day Georgists do not subscribe to this extraordinary doctrine.

This qualification, of course, does not serve to invalidate the Law of Rent. It is generally agreed that land rent does tend to absorb a very substantial portion of the wealth produced from time to time, because rent represents the surplus-value of the more productive lands as compared with the least-productive land in use. But the bare subsistence theory is a fallacy, for everyone can see that wages have increased materially in America and in most of the industrial nations, and certainly both wages and interest provide much more than a bare subsistence to both workers and capitalists. Thus, is it not absurd to seriously contend that neither labor nor capital can or does pay any tax whatever because neither has the means to do so?

Since most dissenters in theory still are quite ardent in advocating the adoption of "land value taxation," this signifi-

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## WHAT IS WRONG WITH LABOR UNIONS?

It is astonishing that today's labor union activity is protected by law and defended as a "right." Unions are usually defended on the basis of freedom of association—the right to join together for bargaining. Actually, unions are in violation of others' rights to freely associate. And *compulsory arbitration is no bargain*. If unions were simply groups of workers getting together for better bargaining position with their employers on terms of their employment, they would be within their legal if not their moral rights.

Unions couldn't exist for very long without the protection of biased laws. It is the law that forces employers to bargain, to accept decisions by labor boards, to pay back-wages for time spent in idleness or striking, to make raises retroactive, to prohibit firing and regulate hiring while allowing all kinds of welfare financing of strike activities paid out of the taxpayers' pockets and the employers' production costs. Everyone is the ultimate victim of union extortion.

It all happens under the protection of the law. It could not happen any other way. *Extortionate power is monopoly power*. It can only exist under governmental protection or establishment. *The government has granted labor groups monopoly power over industry*. The law no longer tolerates courageous refusals to capitulate to unreasonable demands. Bargaining is compulsory.

Many will argue that unions are essential in a capitalist society to get the worker a decent wage. To support their claims they invariably refer to conditions during the earliest days of industrialization. Actually, union leaders have simply taken credit for the natural and inevitable increase in wages coming from increased productivity. Union demands beyond the market's real wage level stifle the production upon which future raises depend, increasing unemployment, and price marginal workers out of the market altogether.

Unions further add to unemployment lines and social disruption by limiting and controlling memberships, with priority for entry going to favored friends, relatives and racial groups. Industry-wide union standards and dictates act to stifle and cripple the competition between private enterprises upon which efficiency, progress and continuous service depend.

The only way outside of slavery to make sure services won't be interrupted is open competition. That means competition in labor as well as the rest of industry. It means employment by private arrangement. Unions need never be outlawed. All that is needed is to *abolish*

## A Multiple-Choice Question For Georgists

*Question:* If the government were to collect the full rent from land, which of the following courses of action should it pursue?

(A) *Abolish all other taxes* and use the land rent to defray all government expenses. If these expenses are larger than the land rent fund, then those expenses must simply be cut down to proper size.

(B) *Re-distribute the land rent back to the people*, the same amount to each person. After all, we all have an equal right to the rent of land. As for reasonable government expenses, let ordinary taxes be imposed to pay for them. Since only the government should provide army, police, courts, fire, environmental protection, etc., then any taxes the government levies for these services is really a charge for services rendered. Of course, where the government can charge users directly for services rendered—as for sewer use or a gas tax to be used only for road building and repair—it should do so.

If a privately owned railroad should charge for services rendered, why shouldn't a government-owned railroad do so, or a government-owned sewer system, road system, postal system, and even military service?

(C) *Pay for welfare expenses with the land rent tax*. Other reasonable taxes can be paid for by ordinary taxes, as above, in accordance with the benefits-received rationale; but taxing some people for the benefit of others is unjust, no matter how needy the latter might be, so defray the purely welfare expenses of government with a tax on land rent.

Just as the family income is first used to pay for the most pressing needs of its members, so the land rent fund, which belongs equally to us all, should first be used to pay for the most pressing needs of society's members.

(D) *All of the above are correct*.

(E) *None of the above are preferable—there is another way*.

What do you say, dear reader? Let us hear from you.

— STEVEN CORD

*their privileged status* under the law.

Individual bargaining would end the artificial war between employers and employees created by labor bosses for their own benefit. And it is the only fair and honest dealing. It means substituting individual efforts in competition on the basis of ability for the shakedown demands of group force. It is everyone getting the best bargain he can without holding up someone else.

— JOAN WILKE

*The Freeman*, December, 1975

## We Theorize — They Practice

Among Georgists there are many "fans" of Decentralism (I am one of them) — and many Georgists among those who put this philosophy into practice. They ought to know each other better. The movement given its modern impetus by Ralph Borsodi's "Flight From the City," and Mildred Loomis's farm career which led to her founding of Heathcote Center at Freeland, Maryland, publishes the monthly *Green Revolution*, which this June will have a special Georgist issue.

It is exciting that a constantly growing number of persons are freeing themselves from dependence on employers, professions, or government, by producing necessities on the land, and becoming more and more independent as neighbors join them in communities to share skills. This takes a still more practical as well as sound and lasting form when such communities become "land trusts" — owning all their land in common, to be leased for long terms but never sold, and hence "no longer an object of speculation." Property such as buildings which "has been made by someone is subject to ownership" — but not to taxation, since community expenses are covered by rentals under the leases.

These facts come from Bob Swann, director of the International Independence Institute, Ashby, Mass., who edits a monthly feature on Land Trust in *The Green Revolution*. He points out that the Jewish National Fund owns and leases over two-thirds of all land in Israel — increasing its soil bank as well as the migration from urban to rural areas; that Mahatma Gandhi's village land-holding movement continues in India; that a similar concept is applied in Tanzania; and gives fresh news from many States — including a proposed State Land Trust Fund in California which might come from a tax on "unearned increment" in real estate sales, or some other form of capital gains taxation — and even a land trust in Southwest Boston for urban development land.

He sums up: "The community land trust is a legal body which works within the existing system while demonstrating a model for permanent transformation of our land-holding system."

It is true that these folks who are putting Georgism into practice without waiting for government action may not be taking the legislative steps toward "transformation of our land-holding system" by gradual transfer of taxes from improvements to land — but they are "demonstrating a model"; and certainly we theorists can work together with these practitioners for the fundamentals of "single tax."

JOHN C. WEAVER

## THE TRUTH ABOUT NEW YORK'S REVENUE SOURCE

Assessment of property at 100 per cent of market value was virtually mandated for New York State by a decision of its highest court last spring. In effect, the 4 to 3 ruling of the Court of Appeals that a house in the town of Islip on Long Island be assessed for tax purposes at full value invalidates a 200-year-old practice and has statewide application. This landmark action by the court has stirred controversy. Claims have been made that it will mean immediate and prohibitive tax increases for home owners, that the job of raising all assessments from their present differing percentages of market value to full value will be arduous, time-consuming and inordinately expensive, and that it will be counterproductive.

Philip Finkelstein, director of the Henry George School's Center for Local Tax Research, writing for the *New York Times*, related the ruling to New York's fiscal crisis, asserting that "it is time to tell the truth about the city's fundamental source of revenue."

"The assessment roll now stands at \$39.7 billion, he says. "The special city equalization ratio, set by the state, is 48 per cent, making the full value of taxable property for debt-incurring purposes \$83 billion. With only a slight increase in assessments, but an 11 per cent rise in the tax rate, the city hopes to extract more revenue, while the state permits deeper long-term debt, and neither one confronts reality. The reality is that in the last decade the tax base has grown by a third while doubling its yield. In no municipality but New York, which trebled its expenditures in the same period, could an increase in the tax base of "only a third" be deplorable. Even newer, smaller jurisdictions would envy such growth. Small wonder that the rest of the country has little sympathy for the city's agony. Why should so much concentrated wealth teeter on the brink of bankruptcy?"

For most of the city, he points out, assessments first made in the depressed nineteen thirties were almost "sacred right of the owner." The city has never been property assessed, he says. The market comes into play only when a new building is constructed, a new owner takes over or there is a major renovation.

"The scandalous administration of assessments has led to the milking of poor properties by owners and the milking of good ones by the public treasury. Vacant, underutilized, never improved parcels enjoy the benefits of assessments bearing no relation to market clues. Top quality improvements carry the load. As long as there were enough of the latter, the former could be blithely dismissed. But now, though the tax base is still there, the load has shifted. Where values in the past rose only in Manhattan, and the rest of the city crept along, the opposite now seems to be the case."

Questioning whether we can continue to subsidize some situations, Finkelstein asks: "How dare we continue the myth that vacant land has little value when the price of a lot in a good location rises even during depression?"

He concludes that to reflect reality is to obey the law. Doing so, he adds, would not show an erosion of the tax base, but a shift in its incidence; it would show not unlimited resources, but more than enough to support better services than the city now gets.

## How Land Value Taxes Have Advanced in Pittsburgh

Though the 2-to-1 ratio of land to building tax rates has remained constant since the Graded Tax plan became fully effective in Pittsburgh in 1925, it is interesting to observe that land tax rates have been increasing very substantially ever since the graded tax law was first applied in 1914.

In 1913 the city tax rate (then applying to both land and buildings) was 8.9 mills. In 1914 the land rate rose to 9.4 mills. For the current year, 1976, the city land tax rate is 49.5 mills, while the building tax rate is only 24.75 mills.

Meanwhile the city school tax rate has been steadily increasing; for 1976 from 23 to 29 mills. And the county tax rate which is also imposed upon city real estate owners is 15.5 mills for 1976. Thus the combined land tax rate paid by Pittsburgh real estate owners is 94 mills. This indicates that a very substantial portion of the land rent is now being collected in Pittsburgh through the real estate tax. How much more is be-

ing collected in national and state income taxes, it is not possible to say, but the total must be very substantial.

For the year 1976 the Allegheny County Assessment Board has just reported Pittsburgh assessed valuations as follows: Land \$390,745,113; buildings \$1,036,092,381; total real estate valuation \$1,426,837,494. In 1914 (the first year of separate assessments) the figures were: Land \$480,858,940; Buildings \$282,069,870; total \$742,928,810.

As to the ratio of assessed values to actual market values, the assessors report that both land and buildings are now assessed at 50 per cent of market value. While it would be difficult to determine what the precise ratio was in 1914, there is reason to believe that at least the city assessment was then much nearer to the legal standard of 100 per cent of market value, but on the other hand, the great inflation of the currency over this long period would complicate any effort to make accurate comparisons.

## The Fallacy of the Physiocrats

The physiocratic analogy was decidedly misleading. The real difference between Henry George and the Physiocrats lay not in their economic proposals but in their analysis. They reached the same conclusion, but for different reasons.

The Physiocrats regarded the land owner as the only true producer of wealth because he made something useful come about, namely crops which had not existed before. Georgists, on the other hand, regarded landowners as idlers and parasites preying on the true producers of wealth, labor and business owners.

There was another important difference in economic analysis: The Physiocrats believed that a tax on land values could be passed on from the landowners to the consuming public in the form of higher prices. Every economic authority today agrees with George's contention that this is not so; the landowner cannot shift the land value tax to others.

— STEVEN CORD

*Henry George: Dreamer or Realist?*

## Are All Taxes Actually Land Taxes?

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cant difference in tax concepts would be of little consequence were it not that it tends to confuse the basic issue of whether or not taxation is or is not an effective means of combating the evils of land monopoly and speculation. This concept definitely tends to support the idea that the land value tax does not actually confiscate rent, as intended by George, but rather is shifted to land users.

In the gradual application of the land value tax, private property in land continues to prevail but the purchase price of land is reduced. "While the effect of taxation upon all other things is to increase their value, and thus make the consumer pay the tax—the effect of a tax upon land is to reduce its value—that is, its selling price, as it reduces the profit of its ownership without reducing its supply." If, however, we can only offer a *shiftable* tax on land, even the promise to reduce the price of land to land users becomes invalidated, and thus our cause would be very seriously weakened. Fortunately, the weight of evidence supports our conviction that the land value tax is an *effective* means to promote land reform, and to advance the cause of equal rights and social justice.

— PERCY R. WILLIAMS

But this comparison of valuations and rates over the long period of the graded tax operations, definitely tends to prove that the effect has been to stimulate construction of more and better buildings, and to check land monopoly and speculation by the effect of the higher land tax tending to reduce the price of land.