

Equal Rights

Spring

All Men and Women Have Equal Rights to the Use of the Earth

1980

An Old Principle Deserving of Respect

One productive resource exists regardless of rewards — land as nature created it. Land in its basic sense will not move away. It will not take a vacation if taxed heavily. And so on. The fundamental arguments for relying heavily upon "pure rents" as a source of revenue for government, these arguments seem to me persuasive. Many economists will agree as to the allocative, incentive aspects while the equity problems may arouse more debate. But certainly on the score of motivation, the taxation of land presents massively different considerations from the taxation (for equal revenue) of man-made capital and the fruits of effort.

The Federal government does not, of course, employ property taxation as do local governments. I would not endorse Federal compulsion on states and localities to modify the structure of property taxation — for less on man-made capital and more on land in the pure sense (excluding the capital that has been used to make "raw land" more valuable). Yet for communities which wish to better the lot of their inhabitants there is a long-recognized opportunity. Henry George's *PROGRESS AND POVERTY*, published just a century ago, has much of merit for us today — of course, with sensible discrimination and selecting the elements of enduring validity. I raise the point because on the motivation aspects there is a marked contrast between a fixed resource and one whose supply depends upon rewards.

In any program to improve the motivation of the tax system, the vital distinction between man-made capital and the products of nature ought to get attention. If human beings are as intelligent and as self-interested as I believe many are, property tax reform will emerge.

From "Taxation & Motivation" — C. Lowell Harriss, Prof. of Econ., Columbia Univ., Consultant, Tax Foundation, Inc.; Assoc. Lincoln Inst. of Land Policy. Prepared for Comm. for Monetary Research and Education Inc. conference (subject to revision).

NEW FRONTIERS FOR FOUNDATION

The Foundation is not resting upon its Four Laurels — i.e., the adoption in December 1979 by Pittsburgh, Scranton, Harrisburg and McKeesport of higher tax rates on land values after we had distributed technical information and research studies. New prospects are being uncovered and developed, often in conjunction with other Georgist organizations.

Newark, N.J. is Prospect #1. Two months ago, Councilman Henry Martinez wrote in to headquarters, saying he wanted Steven Cord to testify on land value taxation before the Newark City Council. He had first heard of the idea when he stopped by the L.E.A.F. booth at the 1977 Convention in San Francisco of the National League of Cities. He has received Incentive Taxation ever since and had exchanged letters with Cord.

Cord recommended the team of Dick Biddle (HGFA Trustee), George Collins and Jack Daniels (a public official in Camden, N.J.), and they were invited by Martinez to speak before Council. They evidently were quite persuasive for later a party of Newark councilmen and public officials visited Pittsburgh, where the western Pennsylvanian team of Dan Sullivan (HGFA trustee) and Steven Cord showed them around and introduced them to Pittsburgh city officials who told them nice things about the land value tax. Then they flew off to Scranton, where Jack Kelly (HGFA trustee) did likewise. The Newark visitors were definitely impressed with what they saw and heard — But they need a state law to enable them to tax land more than buildings. They are working hard on that right now, and if they get it they will reduce the property tax on buildings in four equal annual steps until buildings in Newark will be completely tax exempt; property tax revenue would come from land only. A change of this magnitude could produce measurable economic impact and we look forward to measuring and

publicizing it some day. This could be the Big Breakthrough we've been looking for.

Phil Finkelstein's Center for Local Tax Research will perform a who-pays-more-who-pays-less study for the Newark City Council. The councilman wants to be sure homeowners will pay less, and it is likely that the CLTR study will show that to be the case.

The Foundation has been active in providing technical advice and studies about land value taxation, although we do not advocate particular legislation. Individual members, of course, can do whatever they wish in the matter.

We will keep you informed about further developments.

Other Prospects

There are other cities looking our way. Evan Richert, Town Planner in South Portland, Maine, has sparked interest in the land tax and is in the process of arranging a study to be conducted by the Maine League of Municipalities and financed by your Foundation.

HGFA member Peter Fuller has interested officials in Easton, Pa. in the land value tax and has asked for a Foundation team to testify before Council.

Collins and Biddle are spreading land value tax information and studies among Philadelphia officials, who are currently facing a serious fiscal crisis.

The Foundation's headquarters became aware of a soon-to-be-held public meeting of complaining property owners in McKeesport, Pa. Dan Sullivan is preparing a study of the impact of the new land value tax there on these complainants, and he and Steven Cord will attend the meeting and present the information. Be it noted that McKeesport's property tax intake was

(cont'd on Page Two)

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Penny Colgan - Editor

PAUL SCHWEITZER

We were saddened to hear that Paul Schweitzer, a long-time friend and supporter of our Foundation, died on April 12th at his home in State College, Pa.

Dr. Schweitzer had a long and distinguished career. He was born in Hungary on May 20, 1893 and came to this country shortly after World War I. His first job was as an assistant master mechanic but he soon became a professor of diesel engineering at Penn State University, from which he "retired" in 1958. From that time to shortly before his death, he worked for his own research company. He was the holder of 23 patents, the last one, called an "Optimizer," granted about a year ago. This latter invention is capable of reducing fuel consumption in automobiles by altering engine settings. Another well-known invention, the "Pollimeter," was made part of a pollution control device adopted in California.

Dr. Schweitzer was the author of more than 100 technical papers and was the recognized expert in diesel engineering.

But it is as a Georgist that we know him. In the 1920's, he came across a copy of *Progress and Poverty* and promptly "saw the cat." He has been with us ever since, serving for a time as a Trustee of this organization.

I have visited with him a number of times and have fond recollections of him as a very considerate person with a highly creative and inventive mind. He gave friends his full attention and promptly put visitors at ease. He was well known in his community.

He will be missed. His passing has left a void in our ranks. **Steven Cord**

(cont'd from Page One)

increased 50% in December, and also the county assessor has over-assessed certain near downtown residential land sites, and these are the main legitimate causes of the complaints, not the land value tax. In McKeesport, as elsewhere, most homeowners pay less when the property tax is shifted from buildings to land.

So the Foundation office is humming. What about you - when was the last time you visited a councilman or mayor to inform him about land value taxes? We could supply you with research studies. Why not give them a research study or two? **Steven Cord**

Editorial

Focus On a Longtime Georgist

As a "shorttime" Georgist, I have been interested in the histories of some of the older people in the Movement, especially those who continue to be active and make valuable contributions within their local organizations. The Rev. Wylie Young is just one Georgist. He continues to carry out research on the impact of the institution of LVT in Pa. cities and participates in letter writing campaigns the Incentive Tax League sponsors. His energy and dedication to Georgism I find impressive. Recently, I wrote Wylie Young about his beginnings in the Georgist movement and his feelings about his involvement. Here are some excerpts from his response:

Occasionally one hears of a person whose economic ideology has advanced to such a state of maturity that all he needs is a wise comment by some erstwhile Georgist to set him off and running.

I had already become a minister of a large church in Toledo before I ever heard of Henry George. Despite my intense interest in the economic problem I had to undergo a considerable amount of coaching by my early mentor Bob Craig in Toledo. I had become acquainted with a friend of Bob's and I asked him what it was that Henry George recommended. He said, "He believed that we should base our taxes on land value." I remember stopping in my tracks and saying, "What earthly good would that do?"

As time went on and the various economic nostrums were considered, I became convinced that taxing land value was a real life-saver and since I felt that my profession called for a dedication to the highest ideals of individual and social salvation I became a follower of Henry George. Unfortunately, the law of rent, with all of its implications, was a latecomer on the religious scene. Land and the way it was treated did play an important role in religious and social ideologies but no one had ever dealt with it with the intelligence it deserved until Henry George showed us how our modern civilization might be saved. Four thousand years of tradition weighs heavily upon the institutions of religion and time is running out as the accumulated harvest of uncontrolled selfishness and greed threatens to overwhelm us. As I see it the world desperately needs both the faith in the kind of God that was in Jesus and the particular wisdom to be found in the philosophy of Henry George.

One gets very little encouragement from his clientele when as a minister he urges

that we study Henry George. Perhaps that is why I seemed to be a slow learner. Sundays and that weekly public examination keeps coming on apace and one has to divide his interests.

In the forties I was conducting classes in my church and chasing off to Buffalo or Rochester trying to teach ministers. Finally, convinced that Presbyterian ministers needed a better understand of economic theory I persuaded the directors of the Henry George School in New York to underwrite a letter sending campaign to include a series of ten letters to 9,000 ministers across the country. The campaign may have done some good but, despite the fact that many expressed their appreciation in a steady stream of replies, far too many expressed their feeling that I was doing the church a great disservice by not confining my teachings to those contained in the Scriptures. It was all very disappointing. Mailing 9,000 letters ten times took a lot of time and conservative members of my church were strong in their disapproval. They did not throw me out but I was obliged to soft peddle the economic emphases from then on.

A fine group of Jay Cees in Erie was organized. One wealthy young man, William Walker, gave me an office and \$2,500.00 worth of printing machinery. We published regularly a small pamphlet explaining the advantages of LVT.

Coming to Swarthmore I decided to present in book form why I had been so enthusiastic about the ideas of Henry George. I settled down to write the book and it was finally published by a firm that fell on hard times and was obliged to allow me to take the book over. We have sold the book *Antidote for Madness* to hundreds of Georgists across the country. Many have gone to Australia and to Holland.

There are many indications that the establishment approach is beginning to thaw, and the ideas of George are beginning to take hold. It remains to be seen just how effective our efforts might be as economic conditions become more and more critical across the world. I have a general outline of another book in mind but whether my own strength will warrant even attempting it or the times and world conditions would seem to make the effort worthwhile is doubtful at this time. Others with more years ahead and more promising opportunities will have to carry on.

The Rev. Wylie Young Swarthmore PA

Attorney General Opinion 29-79 of March 9, 1979, said that our local option site tax enabling legislation was not in compliance with Article VIII, Section 1 of the Wisconsin Constitution (Uniformity Clause). This confirmed the informal opinions of assistant attorney generals sitting on the Joint Survey Committee on Tax Exemptions before whom our previous years' legislation had had hearings. WPOL-Beloit's executive committee then voted to sponsor a constitutional amendment, and this was reaffirmed by a vote at a general WPOL-Beloit membership meeting.

After WPOL-Beloit President Nadine Stoner met with their state representative and Center for Public Representation Attorney, LRB-4031 was drafted by the Legislative Reference Bureau at the Capitol. Requests to contact their legislators for bill co-sponsorship were sent to all WPOL contacts.

AJR 96 was introduced last November with co-sponsors representing Beloit, Janesville, Milwaukee, West Allis, Green Bay, Racine, Stevens Point, Marion, and Stouten.

AJR 96 had a hearing before the Revenue Committee Feb. 7, 1980. A cover letter and packets of site tax printed information were hand delivered to each of the ten committee members two days prior to the hearing.

John Burger, Minnesota representative to the Schalkenbach Regional Committee, flew in from Minneapolis to testify for AJR 96. At the start of the hearing, the Revenue Committee chairman and vice-chairperson acknowledged receiving letters of endorsement for the site tax from Milwaukee Congressman Henry Reuss.

At the February 7 hearing, Revenue Committee members discussed setting up a study (which the chairman can do) or holding hearings around the state (The Assembly Majority Speaker can authorize expenses). The Revenue Committee chairman told Mrs. Stoner on March 11 that he had received a letter from Pittsburgh Councilman William Coyne, had talked to him on the telephone, and felt better about the land value tax now.

The Milwaukee Common Council president, to whom a supportive Beloit councilman wrote a letter of introduction for Mrs. Stoner, has written that he will write the Revenue Committee vice-chairperson (who is from Milwaukee) asking that a study be set up for the site tax.

Nadine Stoner

Beloit, Wisconsin

Things are looking good for the land tax in Pennsylvania. Success with the 1980 land tax increases in the four cities that have gone for them (Harrisburg, McKeesport, Pittsburgh and Scranton) is certain to create a favorable attitude toward future increases. Moreover, several other Pennsylvania cities have entertained motions to enact land tax and still others have expressed interest.

In response to this, the Center for Local Tax Research plans to continue studying Pittsburgh and to extend its investigation to the other land-taxing cities.

Moreover, the Henry George School has decided to partially fund the establishment of a permanent, active Georgist organization in Pittsburgh. And Steve Cord will be sending out more Incentive Taxations.

This does not mean that the battle is won or that we are on firm ground, even in Pittsburgh. Pittsburgh councilman Jim Bulls, a former tax assessor who voted solidly for the land tax for the past two years, was defeated at the polls last year.

Not only did we lose Jim Bulls, but we may lose Bill Coyne, albeit in a much more favorable way. Coyne is running to fill a vacated Congressional seat, and is viewed as the strongest candidate. His success will mean that Congressman Reuss will find another ally in the House of Representatives, but it will also mean that the strong leadership that led to the two previous land tax victories will be gone.

Whether these victories become the beginnings of a great movement or pass as a flash in the dark depends on how strongly and effectively we work during the next few years.

Dan Sullivan

Pittsburgh PA

CORRESPONDENCE

EDITOR: I sincerely hope that the untimely death of the Republic of Korea's President Park Chung-hee will not change what I believe to be the heaviest land value tax system in the world as well as the highest growth rate in gross national product.

The Korean Ministry of Finance's 1976 publication, "Korean Taxation," gives rules for an unusual progressive land value tax which varies from .3 percent of value for parcels up to one-twelfth of an acre to 5 percent of value on parcels over .43 of an acre. All "idle" land is taxed at 5 percent of value, regardless of size.

It is probable that South Korea does not know the basic reason for its prosperity, just

as Japan does not, nor Taiwan. Nor do people realize that all the "have" nations in the world have some kind of land value taxation, some openly, as Switzerland in a local (Canton) land value tax plus federal capital tax that includes by definition a tax on land values, and Sweden also with a capital tax which includes by its own definition a tax on land values.

In the United States, each state's internal personal income per capita varies directly with this real property tax per capita. Our real property tax includes a land value tax as well as a tax on buildings. Our most prosperous state has the highest real prop-

(cont'd on Page Four)

JOINT GEORGIST CONFERENCE 1980

New York City -- Aug. 28th-Sept. 1st

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(cont'd from Page Three)

erty tax, and the least prosperous state has the lowest real property tax. Puerto Rico, with no real property tax and therefore no land value tax, lags behind our poorest state.

Those who would make this a better world should look at the facts of the new science of creative human interaction — before they fade away with the possible loss of our civilization.

Benjamin F. Smith Ada, Michigan
(Grand Rapids Press: 11/7/79)

Several persons have suggested that the approach to changing our land tenure system would be to state the objective which is to reduce and eventually eliminate taxation on improvements, while simultaneously pla-

cing the entire tax on land values.

In other words, stress first reduction of taxes on improvements. Most people can grasp the benefits of such a change in the General Property Tax. Perhaps the first thought in the minds of those to whom removing that portion of the General Property Tax which falls upon improvements, raises the question "Would placing the entire tax on the land make any difference to the payer — would not the taxpayer be paying the same amount as he presently does on both land and improvements?"

The answer to this question is, if the assessment of the value of the land were lower, he would pay less, if the assessed value of the land were higher, then he would pay more. However, whatever the payment might be, even if higher, the property owner

would benefit.

It is the effect on the economy that is the important consideration. Thus, when Land Value Taxation is advocated, even if listeners concede the change may be for the better, if the emphasis is upon Incentive Taxation, we do more than advocate placing the General Property Tax on land alone.

We indicate that here is a system of taxation, which, not only benefits property owners, but gives incentive to all — to producers it encourages production — to consumers it will provide more. It should result in lower costs and prices of goods and services.

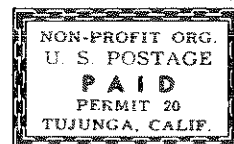
So, why not advocate Incentive Taxes?

John T. Tetley

Secretary,

Incentive Tax League of N.J.

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