

Equal Rights

To The Earth's Resources

Summer 1981

Six Ways To Win Popular Support For LVT

Excerpts from a paper presented at the Dominican Republic Conference by Steven B. Cord, President, Henry George Foundation of America.

Despite all the clear advantages which the land value tax affords, there are some short-run or special-case problems which must be seriously considered before the tax is introduced. Here are some alleviations of those problems:

(1) **National Land Rent Dividend** - Some small farmers would pay more taxes than they are now paying, and so would some poor elderly homeowners. Both humanitarianism and good politics requires that we help them over their short-run plight.

The government should levy a slightly higher land tax rate than it would otherwise require (a 2.2% tax rate, say, instead of a 2% rate), and then it should distribute the extra revenue gained on an equal basis to all voters in the country (that should get the voters out to the polls!). This could be called the National Land Rent Dividend. Or this Dividend could be distributed equally to all citizens, or the agricultural land tax revenue could be

distributed equally among all agricultural landholders.

Because land value ownership is so unequally distributed, fully 95% of the population would get back more in Dividend than what they would pay in extra surtax to finance the Dividend. Could this possibly fail to guarantee popular support for the land value tax?

(2) **Agricultural Land Tax Index** - Farming is a risky business. In bad years, many farmers might be hard put to pay their land value tax - unless that tax is indexed to agricultural production and prices. If the total value of sugar production, let us say, falls off 20% from normal, then the land value tax which sugar farmers are required to pay should be reduced by 20%, or perhaps 30%. If the total value of sugar production is 10% above normal, then the land value which sugar farmers pay should be increased 10%, or perhaps 15%.

(3) **Tax Deferral** - In cities, elderly poor homeowners might be hard put to pay the land value tax, and in some cases they might be forced out of their homes. To obviate this, the govern-

(Cont'd on page 2)

OPEN LETTER

Local Newspapers Refused
To Publish This Timely
Letter by Bill Newcomb,
Melbourne, Florida
(a condensation)

I have been a real estate broker since 1955 in Melbourne. I am here-with making some comments that relate to the sad tales that "there are no winners in the housing market" -- with which I agree.

Remember the 1929 burst of the South Florida land bubble and the breakdown of the banking industry a couple of years later--and that Roosevelt declared an extended bank holiday?

In addition to being a real estate broker, I am a land economist. I am prepared to state that unless the price of land is lowered by the legal imposition of a substantial tax on land value, not only in Florida, but in all of the 50 states, there will be either a revolution caused by a coalition of the poor and the middle classes--or you will have 55% of the new homes built by the government for sale at lower than land and building cost. There will be no brokerage commission on these government subsidized houses.

In 1956, I was running a one-man real estate office, and brokered two to three properties per day. The prices were low, the commissions were low, the cost of living was low, and the mortgage rates were 4 1/4 to 6%. But customers did not have to look at property after property to see if they could afford the purchase.

Then came the Space program and the land speculators descended on Brevard County like locusts.

In 1956 I brokered one 400 acre tract for \$300 per acre to a man from Chicago. I tried many times to get him to let me broker a 20, 30 or 40 acre tract to mobile home sub-dividers. He waited

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JOINT GEORGIST CONFERENCE 1981

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From the Editor

"IDLE LAND"

THE CASE FOR LVT IN SUBURBIA

A Marvelous Statement from a non-Georgist Source!

I recently came across a most unique (and seemingly unknown) public report entitled, **IDLE LAND IN AN URBANIZING AREA: THE DELAWARE EXPERIENCE**, by Professors Gerald F. Vaughn and Edward C. Moore, of the Univ. of Delaware. It was published in 1963 by the Division of Urban Affairs and the Agricultural Experiment Station of the Univ. of Del., in cooperation with the Resource Development Division, Economic Research Service, U.S. Dept. of Agriculture. A condensation of this interesting 15-page report follows.

This study was undertaken in recognition of "the pressing need for intensive analyses of idle or unused land in 'rural-urban fringe' areas throughout the U.S.," and because the rapid suburbanization occurring around the city of Wilmington, in New Castle County, Del., offered an excellent laboratory for needed research about idle tracts.

IDLE LAND CREATES DILEMMA OF SUBURBAN SPRAWL

The study found that numerous tracts of idle, undeveloped land on the fringe of cities are being left in the wake of rapid suburban growth in U.S. metropolitan areas. This "checkerboard pattern of development creates the mounting dilemma of suburban sprawl and helps account for the high public costs of extending highways, utilities and services. Efforts to plan for or direct proper suburban expansion also have been hindered."

Urban and regional planning agencies emphasize that bringing certain tracts of land rapidly into use would facilitate orderly suburban development. Other idle tracts may have greater value as "open space" areas to be either (1) retained as undeveloped

areas, or (2) developed for extensive uses such as outdoor recreation.

The study reported that there were 163 privately owned idle tracts of ten or more acres in northern N.C. County in 1960, totaling 6,639 acres. In addition, commercial farms and other developed tracts contained 41,986 acres of unused land (abandoned cropland, brush, etc.). This amounted to 37% of the total land area outside incorporated municipalities and suburban housing subdivisions being classified as "idle" . . . !!

A survey found that 25% of the owners had acquired their now-idle lands as investments or for speculation (resale). Of the tracts sampled, 42% had been held from 3 to 10 years, and 35% had been held for ten or more years.

CONSIDERATION OF SITE TAXATION RECOMMENDED

The report recommended several methods warranting consideration for bringing land with good development potential into more intensive use, including: (1) new land development techniques, such as "cluster plan" housing; (2) annexation; (3) establishment of "land banks" and "priority development districts"; and (4) the practice of "SITE TAXATION", where only land (and not buildings or other improvements) is taxed. Under this system, owners of idle tracts are not discouraged from constructing buildings or otherwise developing their land.

"If idle tracts at present are underassessed so that landowners pay only small amounts in real property taxes while their land awaits development, realistic increases in assessed valuations also could be employed to raise the costs (higher taxes) of holding tracts out of use."

Recently, I had the opportunity of talking with co-author Professor Gerald Vaughn, of the U. of Del. College of Agricultural Sciences, and inquired about the report and whether he still felt that the adoption of LVT would be beneficial for New Castle County. He said that the report, unfortunately, had not been updated, but that, yes, he would still recommend the adoption of LVT as an option warranting earnest consideration by the county.

Frank E. Nelson
Newark, Delaware

We would secure the largest production and the fairest distribution of wealth by leaving men free to produce and exchange as they please.
— Henry George

Six Ways (Cont'd from page 1)

ment should allow them to defer their land value tax in whole or in part until the time they sell or bequeath their property. At time of sale or bequest, the back taxes must then be paid by the next owner of the property.

If the land value tax on the residential property of a poor elderly homeowner is more than, say, 10% of his total income, then the excess plus reasonable interest is deferred as a lien against the property to be collected by the government when the property is sold or otherwise transferred.

Such a deferral could also be extended for a one-year period to unemployed landowners and to other landowners subject to special hardships.

(4) **LVT Installment Payment - Hardships** will be created if the land value tax bill comes due in One Big Annual Lump Sum. Many taxpayers will be caught short in ready cash. To obviate this, tax bills should be issued quarterly, perhaps monthly. Rent is customarily paid quarterly or monthly. Alternatively, the taxpayer can require his mortgagee or employer to pay the tax withheld from his mortgage payment or salary.

(5) **Interim Reassessment Adjustment** - If land only is taxed, it could be re-assessed annually. If it isn't, a problem develops - the re-assessment, when it comes, might be much higher than previously. This will result in sudden increases in the taxes that some landowners will have to pay, and hardship and opposition may result.

To obviate this situation, all land assessments should automatically be adjusted annually, until the next re-assessment, according to changes in the general price index. If, for example, the general price level increases 10%, then all land assessments are automatically increased 10%, but all such inflation adjustments are negated by the next re-assessment.

(6) **PAD Purchase and Demolition Guarantee** - When neighborhoods change to higher uses, land values shoot up. So also do land assessments and taxes. The old owner may not be in a position to pay the new higher tax; nor could he sell his land for very much, nor even could he sell his improvement which might now have a negative value since it must be abolished to make way for a new and more

(Cont'd on page 5)

Editorial **THE LIGHT BRIGADE,** **ENGLAND'S CHARGE BORNE ON IRELAND'S BACK**

More than a century ago Alfred Lord Tennyson's epic poem graphically described the destiny of those who rode with the Light Brigade against the Russian batteries positioned on the heights above Balaclava in the Crimea. Of them he wrote:

Forward, the Light Brigade!
Was there a man dismay'd?
Not tho's the soldier knew
Some one had blunder'd:
There's not to make reply,
There's not to reason why,
Their's but to do and die:
Into the valley of Death
Rode the six hundred.

Wars have seldom been fought for reasons which afterward merit the intensity of human suffering involved. Some are recognized to be of even less meaning than others in producing justifiable effects. This battle, in this war, has always been for me a tremendous historical curiosity because of the emotion evoked by Tennyson's words and a strange appeal to an inner adventurist portion of my character not satisfied by life in the technological society. Poetry, however, lacks the essential quality of detail required for complete understanding. For a thorough treatment of how the Light Brigade came to its tragic circumstance, British historian Cecil Woodham-Smith offered this passage in a 1953 study entitled "The Reason Why":

The charge had lasted twenty minutes from the moment the trumpet sounded the advance to the return of the last survivor . . . Some 700 horsemen had charged down the valley, and 195 had returned. The 17th Lancers were reduced to thirty-seven troopers, the 13th Light Dragoons could muster only two officers and eight mounted men; 500 horses had been killed.

One Life Taken, Many Others Forgotten

Perhaps the most explicit passage in this book is that detailing the fate of a high-spirited cavalry officer named Nolan, who, after delivering the "attack" order to Lord Lucan (commander of the Light Brigade) joined the rank of the 17th Lancers and rode to his death in the charge. Again, Cecil Woodham-Smith:

Before the Light Brigade had advanced fifty yards . . . the Russian guns crashed out, and great clouds of smoke rose at the end of the valley . . . The advance was proceeding at a steady trot when suddenly Nolan . . . urged on his horse and began to gallop diagonally across the front . . . he crossed in front of Lord Cardigan and, turning in his saddle, shouted and waved his sword as if he would address the Brigade, but the guns were firing with great crashes, and not a word could be heard. At that moment a Russian shell burst on the right of Lord Cardigan, and a fragment tore its way into Nolan's breast, exposing his heart. The sword fell from his hand, but his arm was still erect, and his body remained rigid in the saddle. His horse wheeled and began to gallop back through the advancing Brigade, and then from the body there burst a strange and appalling cry, a shriek so unearthly as to freeze the blood of all who heard him. The terrified horse carried the body, still shrieking, through the 4th Light Dragoons, and then at last Nolan fell from the saddle, dead.

The battle fought (and the lives lost), the politics of defeat arose as senior British military officers squirmed to absolve themselves from responsibility for the debacle. And so, the question must be asked: WHERE DOES THE RESPONSIBILITY LIE?

THE REAL WAR - Fought Close To Home In Ireland

England and Empire, synonymous terms during the nineteenth century. England stood unchallenged as the world's military power. That military predominance, explained Cecil Woodham-Smith, evolved out of a system which guaranteed the loyalty of the nation's landed aristocracy by dictating the purchase of commissions. George Charles Bingham, the third Earl of Lucan and lieutenant-general commanding the Light Brigade, was, in fact, a glowing product of the "purchase" system.

As soldiers of fortune under Queen Elizabeth, the third Earl of Lucan's

ancestors acquired vast Irish lands once the Irish had been defeated. Richard Bingham was appointed military governor in the province of Connaught; and, as Cecil Woodham-Smith described, "the ferocity of his rule became a legend, and to this day (1953) is execrated in the west of Ireland". Empire was then in its initial stages of formation, and the English conquerers:

regarded their Irish estates merely as the source which produced money to pay for English pleasures . . . their great grey fortress, Castlebar House, was seldom occupied.

Richard Bingham's sense of compassion also included the execution of all Spaniards shipwrecked on the coast of Ireland following the destruction of the Armada. Time and wealth, however, brought to the Bingham family respectability in English society of the late eighteenth century. In 1795, Charles Bingham became the first Earl of Lucan; his grandson was George Charles Bingham, later the third Earl of Lucan. George was commissioned into the army at age sixteen, rose to the rank of lieutenant-colonel by age 26 and "purchased" command of the 17th Lancers. In reality, Ireland paid the price.

The Privileged And The Oppressed

Ireland was, after all, the source of Lord Lucan's wealth. And yet that wealth belonged not at all to the Irish people. Cecil Woodham-Smith:

In 1844 Ireland presented the extraordinary spectacle of a country in which wages and employment, practically speaking, did not exist. There were no industries; there were very few towns; there were almost no farms large enough to employ labour. The country was a country of holdings so small as to be mere patches. The people inhabited huts of mud mingled with a few stones . . . destitute of furniture, where animals and human beings slept together on the mud floor . . .

(Cont'd on page 4)

BRIGADE

(Cont'd from page 3)

And yet, the English landlords and politicians could take refuge in the still echoing analysis of poverty put forth by Thomas Malthus; because, strangely, Ireland's population was growing uncontrollably. Cecil Woodham-Smith took a closer look in 1953 at this aspect of Ireland's poverty:

This increase was linked with the adoption of the potato as the staple, indeed the sole, food of Ireland. The people, in their desperate poverty, lacked land, implements, barns. Potatoes require only one-third of the acreage of wheat, flourish anywhere, need the minimum of cultivation . . . As Ireland became a potato country, the shadow of starvation lifted slightly and the character of the people made itself felt. The Irish people were religious, their family affections strong, their women proverbially chaste. Early marriages became invariable . . . and by their early thirties women were grandmothers. Thus the population spread with the rapidity of an epidemic. For these people, swarming in the cabins and the fields, there was no employment, no means of earning wages, no possibility of escaping starvation, except the land -- and land became like gold in Ireland.

It was human existence on the lowest scale . . . As the population increased, the continual subdivision of farms into patches brought the landlord higher and still higher rents, and the potato patches in Ireland first equalled what the rich farmlands of England fetched in rent, and then went higher. Men bid against each other in desperation, and on paper the landlords of Ireland grew rich; but the rents were not paid -- could not be paid.

The Dreaded "Consolidating Landlord"

When the potato crops began to fail, tenants were evicted by "consolidating landlords" in an effort to create workable farms. Cecil Woodham-Smith reported that an 1830 Land Commission concluded that "the poverty and distress of Ireland were principally due to the neglect and indifference of landlords". More specifically:

Large tracts were in the possession of individuals whose extensive es-

tates in England made them regardless and neglectful of their properties in Ireland. It was not the practice of Irish landlords to build, repair, or drain; they took no view either of their interest or their duties which caused them to improve the condition of their tenants or their land.

Although the third Earl of Lucan proved himself "exceptional in being prepared to invest in the land, to forgo and reduce his income, to tie up capital in barns, houses, drainage schemes, and machinery", his efforts were largely unsuccessful. "Between the Irish tenant and the Irish landlord not only was there no hereditary attachment, there was hereditary hatred. Ireland was a country the English had subdued by force, and Irish estates were lands seized from a conquered people by force or confiscation." Further evidence of England's "Irish policy" existed in the laws imposed by England on the conquered Irish, as described by John Stuart Mill:

In Ireland alone the whole agricultural population can be evicted by the mere will of the landlord, either at the expiration of a lease, or, in the far more common case of their having no lease, at six months' notice. In Ireland alone, the bulk of a population wholly dependent on the land cannot look forward to a single year's occupation of it.

And, more on the subject from Cecil Woodham-Smith:

The power of the landlord was absolute . . . the tenant had no rights. All improvements became the property of the landlord without compensation. Should a tenant erect buildings, should he improve the fertility of his land by drainage, his only reward was eviction or an immediately increased rent, on account of the improvements he himself had laboured to produce.

☆ ☆ ☆
BILLIONS IN AID HAVE INCREASED POVERTY. ("China Post," Taipei, Taiwan.) Billions of U.S. taxpayer dollars spent in the last 10 years on development assistance have increased—not decreased—hunger and poverty in the world, says a leading conservation expert. According to Dr. Lee Talbot, director general of the International

Answers: Access And Evolution, Or Monopoly And Revolution

Given this prolonged and protracted relationship between those denied access to the land which offers the source of all that sustains life, and those, like George Charles Bingham, who forcefully maintained the cruel imbalance, there could be no peaceful resolution. Today, hidden by centuries of emotion, the same struggle continues in Northern Ireland and elsewhere. Cecil Woodham-Smith concluded that "though his Irish tenants might cherish an hereditary hatred for him, (Lord Lucan) cherished an equally powerful contempt for them. From the bottom of his heart he despised them -- swarming half starving, ignorant, shiftless, and Roman Catholics into the bargain. It is doubtful if he considered the Irish as human beings at all".

Boldly they rode, and well
Into the jaws of Death.
Rode the 600, noble 600,
Some one had blunder'd.

Edward J. Dodson
Philadelphia, PA

Union for Conservation of Nature: "In the past 10 years, the world has spent billions and billions of dollars on development. Yet, more people today are hungry than 10 years ago, more people today are poor, and less land is available for human development because of environmentally unsound development."

THE SPOTLIGHT 6/22/81

How To Make Slums and Create Barbarians

May 1981

Economic Education Bulletin

free copy available
upon request

AMERICAN INSTITUTE
FOR ECONOMIC RESEARCH
Great Barrington, Massachusetts 01230

Readers' Forum

Jefferson On "Equal Rights"

You say Jefferson made no mention of equal rights to the use of the Earth. Well, he at least implied it when he said:

"Whenever there are in any country uncultivated lands and unemployed poor, it is clear that the laws of property have so far been extended as to violate natural right. The earth is given as a common stock for man to labor and live on."

Letters to Madison, 1785

That's really quite a good statement.

Tertius Chandler

author, "The Tax We Need"
Berkeley, Cal.

Who Owns The Earth?

Do you believe in the Bible? Do you believe in God's words when He said that the earth belongs to the children of men? Psalm 115:16.

To give back the earth to all the people, it is not necessary to divide up all the land, or have the government take over control. Simply tax the owners of the earth and use this money to benefit all the people.

Albert R. Bennett
Summit, N.J.

Axe The Word "Tax"

It has been pointed out that "land value taxation" may not be the best terminology to use. "Value" in a Georgist society diminishes to zero. "Taxation" is also misleading, since taxation is a burden on production, whereas this form of taxation is not a burden on production, but a rent, a public collection of the socially created surplus value.

So it is proper to call our reform "collection of land rent", and to separate it clearly from taxation by saying "to hell with taxation", or something similar.

Dr. Samuel Scheck
Woodbury, NY

Jim Stone of Olds, Alberta constructed his house to conserve fuel by solar use and extra insulation. He was then visited by the tax assessor, who increased his tax assessment. His taxes will be three times as much as his energy saving.

- NEWS FLASH -

LVT Legislation Introduced by

S.B. 320 (Neal) — A constitutional amendment permitting real property assessments to be made on the value of land only and not the buildings or improvements thereon. To Administrative Services & Energy.

St. Sen. James P. Neal
Delaware
General Assembly

READERS — PLEASE WRITE!

The Editor, EQUAL RIGHTS, 580 North
Sixth Street, Indiana, Pa. 15701

Six Ways (Cont'd from page 2)

appropriate improvement. He faces severe hardship from which zoning regulations give him inadequate protection.

Examples of such neighborhood changes to higher uses are - agricultural use to single-family residential, to multi-family residential, to industrial or commercial, to natural resource use.

Fortunately, a solution exists: the government should pay the old owner the appraised value of his about-to-be demolished house. This would give homeowners and others a real feeling of security since they need never fear that rising land value taxes would expropriate them. It would make land value taxation even more saleable, especially at high rates.

The rationale for these provisos can be found in the PAD article in Catalyst! pp. 55-56.

Although there may be certain short-run or special-case problems which the introduction of LVT might raise, we have seen how they are certainly amenable to a solution. There is no need to keep the land value tax rate low in order to protect those few people who might experience hardship.

Readers may obtain a copy of the complete paper for \$1.00, and also a copy of the 115 page Catalyst!, by Steven Cord, for \$5.00, c/o the Center for the Study of Economics, 580 N. 6th St., Indiana, Pa., 15701.

Newcomb (Cont'd from page 1)

over 22 years, then started selling, beginning at \$10,000 per acre. His last sale, a 40 acre tract, sold for \$37,000 per acre.

Acreage on what is now Wickham Road sold for \$350 per acre when I came to Melbourne in 1947.

I warned my broker friends in the late 50's and early 60's that what is occurring now would happen and they said "Yep, that's why I'm making my pile now." Some did, some didn't. Now Wickham Road between US 192 and Aurora Road, an eight mile stretch, is almost completely built up on land selling at \$25,000 per acre.

Real estate brokers like to make acreage sales because of the 10% commission. Most buyers, whether speculators or developers, have the money. Some brokers have retired after just one or two acreage sales!

But what have these speculator-sellers and speculator-buyers and the accommodating brokers wrought? They have brought the cost of housing to the point where millions have been thrust out of the housing market. Business and industry also have to pay high prices for land and for their buildings (whose materials also come from the land). The inflation has gone way beyond just housing--into automobiles, furniture, food and the cost of borrowing money because of the land price inflation.

I care not what Friedman, Gilder, Greenspan, Hazlett, Laffer, Ruff, Von Mises, Weidenbaum, or any other monetary economist says. I maintain that you cannot control the money inflation until you bring the land inflation under control by increasing the land tax.

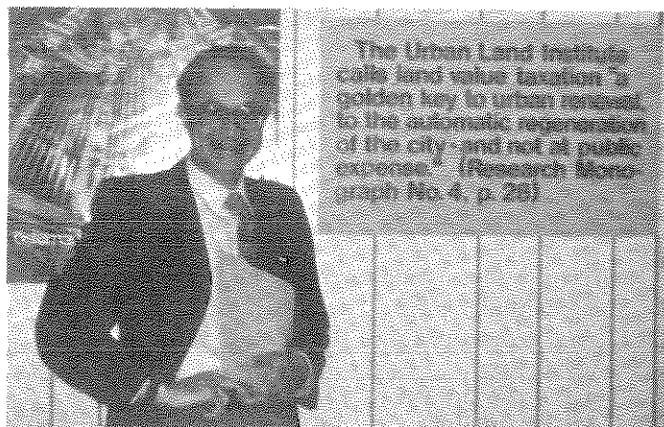
P. I. Prentice, former editor of HOUSE AND HOME says, "The land price inflation, subsidized by the under-taxing of land, is the biggest domestic element in the overall price inflation." Says FORTUNE, "The inflation price of land raises everything we buy." Says TIME, "The soaring price of land for farming is perhaps the reason for the soaring cost of food."

... Maybe a great many Miami brokers could afford to buy their homes today, but can their married children afford to buy any decent house?

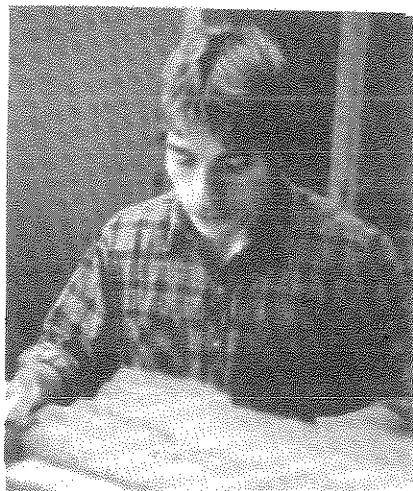
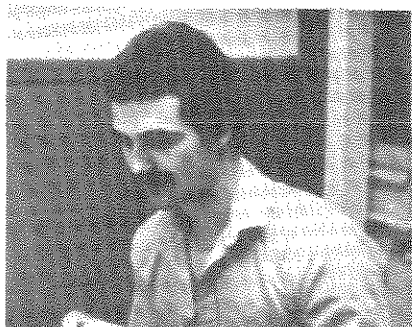
... Can any broker reading this article find an affordable house for his married children or grandchildren? What will be the answer two, four, six, eight years from now?

Union laborers can keep up with the inflation through the power of collective bargaining and the strike weapon; but what about labor that is not unionized; or the middle class retiree, upon whom Florida has so much depended this past 45 years?

Behind the Scenes at HGFA Headquarters



HGFA staff keeping the offices humming and publishing INCENTIVE TAXATION include: (clockwise) Deborah Barr, Cathy Stofella, Steven Cord (HGFA President), Glea Foor, (our full-time Sect'y.), Michelle Balkey, Maggie Balint, Allen Irwin and Paul Dick.



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