

# Equal Rights

Vol. II, Number 2

"All Men Have Equal Rights to the Use of the Earth"

Winter 1971

## Senator Muskie Urges Property Tax Reform

Senator Edmund S. Muskie shared the speakers' platform with Ralph Nader at a seminar on property tax reform recently held at George Washington University and raised some penetrating questions of special interest to proponents of land value taxation. From the Congressional Record of December 15, 1970, we quote briefly some of his most relevant remarks:

"This is an issue which undoubtedly **deserves a searching national inquiry.** property taxes provide at least 40 per cent of all State and local government revenues. They generate more than \$33 billion a year. This income-producing mechanism is second only to Federal income and social security taxes. It is the basic revenue source of two-thirds of our cities' expenditures.

"The question of equity is central to this inquiry—equity as between business property and residential property . . . **as between land which is improved and land which is unimproved.**

"Still a more basic question is whether any property taxes should be levied against buildings and improvements . . . **whether they should be levied completely or primarily on land value itself.**

"The argument has been made that it is socially undesirable for the land speculator to pay substantially less property taxes than the person who builds improvements on his land. That cities are decaying precisely because the property tax structure discourages modernization and rehabilitation and replacement of existing buildings. That the absence of sensible land use planning is due in large measure to property **tax structures which stimulate land speculation** at the expense of coordinated land development. On the other hand, would a land tax alone have the effect of promoting the kind of vertical development, of high density living, which is the most undesirable alternative in terms of our environment?

"Congress has an undeniable role to play in resolving these arguments. And we must not avoid asking the hard questions. The answers will be neither easy or quick."

## ILLINOIS VOTERS ADOPT NEW CONSTITUTION

Illinois voters have decided to replace the state's century-old constitution but rejected lowering the voting age to 18. Illinois bucked a national trend which has seen seven of the 12 efforts at constitutional revision defeated in such states as New York, Maryland, Oregon and New Mexico.

The new constitution's major provisions provide expanded home rule powers, a ban on discrimination in housing and employment and revision of the state's fiscal and revenue system.

While the Constitutional Convention was in session, Illinois Georgists made a persistent effort to bring the cause of

land value taxation to its attention but without notable success.

It appears that the new constitution is more liberal in some of its provisions and may possibly permit the legislature to authorize differential taxation of land and buildings if inclined to do so. However, a brief report from Robert A. King, an active leader in the Free Enterprise Association, concludes: "It is problematical if any county assessor could, under the new constitution, cancel all improvement valuations, ascertain 100% land valuations, levy a true 2 or 3% tax, and fight Supreme Court and vested interests to maintain its validity, wisdom and fairness."

## Differential Tax Amendment Proposed For Ohio

As a result of the campaign for tax reform in Ohio previously reported, a joint resolution has now been drafted to amend Section 2 of Article XII of the State Constitution **to permit the classification of real property** for the purpose of taxation. This resolution now pending in the Legislature, is intended to be submitted to the voters of the state at the general election in November, 1971.

If adopted, it provides that the General Assembly may specify by law the basis upon which **the various classes of land and improvements** shall be assessed provided it is **by uniform rule for each such class.** If approved by popular vote, the Legislature could then enact differential tax legislation **similar to the Pittsburgh Graded Tax plan,** even permitting local governments to go farther in transferring the tax burden from improvements to land values.

This movement has been actively supported by the Clark County Taxpayers Association under the aggressive leadership of Dr. Harry L. Cloud and has been endorsed by the editor of the "Springfield Sun." Dr. Cloud reports that already 25 members of the General Assembly have declared in favor of the amendment.

## Social Justice Through Economic Freedom

Just as social adjustments promote justice, just as they acknowledge the equality of right between man and man, just as they insure to each the perfect liberty which is bounded only by the equal liberty of every other, must civilization advance.

— "Progress and Poverty"

The influence of speculation in increasing rent is a great fact which cannot be ignored in any complete theory of the distribution of wealth in progressive countries. The increase of land values is always at the expense of labor. — Henry George

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## Editorials

### URBAN DECAY AND THE SINGLE TAX

The private accumulation of socially created land values is a central cause for the disintegration of American cities.

**Swollen profits from slum landlordism, largely derived from the unearned increments arising from the ownership of valuable sites in heavily populated cities, have turned our great urban centers into compound hells of poverty, filth, crime and human deterioration.**

Parasitic monopolists of valuable urban landed property are encouraged by an absurd system of property taxation to undertake as little improvement of their property as possible, lest their taxes be increased; and to depend for their ill-gotten incomes upon the values arising from their holding of the basic land sites, which are generally undertaxed.

Persons who can do so flee these crumbling ruins, to take up their homes outside the areas of decay; and leave the centers of cities to people less fortunate than themselves. Because of race prejudice, lack of income, and both in combination, those unfortunates who remain in the city centers cannot secure property outside the rotting cores, and in any case cannot afford the expense of transportation to get back and forth to their places of employment in urban centers where most means of mass transit have long since disappeared.

**However, even those who escape cannot easily find suitable accommodations near the city centers. These refugees from urban retrogradation must buy or build their homes miles away from centers of employment and industry—must find their land sites on the fringes of population, where speculation has not yet driven land prices to levels beyond the reach of hard-working producers.**

Also, like a creeping leprosy, the putrefaction of slumlord cities moves outward from the decaying cores to condemn surrounding areas to a physical and cultural disintegration which drives people farther outward, miles away from the central blight.

### Wastelands and Pollution

Between the city cores and the suburban belts of "bedroom cities" lie mile after mile of only semi-inhabited zones, comprised partly of businesses and homes and partly of vacant lands. From the air, and except for the ugly "strip civilizations" that crowd the jammed highways, much of this in-between zone looks like a territory of scattered habitations. Here again, the parasitic land speculator is primarily responsible for driving more productive inhabitants out into areas which may be less accessible in terms of distance, but are approximately within reach of their limited pocket books.

Now comes the pollution of the air. The automobile, and the failure of public transportation in the United States, have much to do with this. There is no doubt that the relative ease and comfort of the automobile (at least before there were so many of them) helped to drive from American cities what was once a veritable network of excellent urban rail transportation. Nor would many deny that, by running squarely down the middle of streets, the ungainly rail cars contributed to their own demise in favor of the automobile. Had they been routed on single tracks alongside curbs on only one side of streets, as they are in many foreign cities, they might have survived longer.

But in addition, as Americans have moved farther and farther out from deteriorating core cities, they have left behind the labyrinth of street car tracks that once formed the basis for excellent systems of non-polluting public transportation.

Automobiles now almost crowd each other out from a network of highways and parking lots that in some cities take up as much space as all other activities put together—and, in the process, not only cut up the landscape in a helter-skelter of ugly freeways, bridges and cross-bridges, garages and gas stations, but also fill up the air with a choking blanket of noxious smog which threatens to strangle what little civilization still remains in the ruins of American cities.

\* \* \*

### Taxation and Urban Regeneration

**Unless the oppressive hand of taxation is lifted from the improvement of property no amount of bureaucratic zoning or slum clearance or regulation of auto exhausts will correct the horrible conditions which prevail in our cities. Unless taxes are lifted from production, and imposed on the parasitism which holds land out of use, our cities will continue their present precipitous decline, and become wastelands beside which Rome after the barbarian invasions would seem**

### Our Social Dilemma — II

Reformers often exaggerate the evils they are trying to combat in order to demonstrate the importance of their reform and also to destroy the wall of apathy that usually encases them. Exaggeration of objective reality seems a small price to pay for the reform itself.

But not always. If, for instance, the exaggeration contributes to a sense of despair, disillusionment, disenchantment and pessimism on the part of the public, then the whole society may be revolutionized, the good as well as the bad, in it. And another possibility is that the reformers may begin to believe their own exaggerations and live in a dream-world quite irrelevant from the real world of the others who they are trying to convince.

All this, it seems to me, applies to Georgists. If we exaggerate the amount of poverty in society today, we will only serve to increase the disillusion with the private enterprise system as a whole, which is certainly not our intention. **We can advocate land value taxation because the revenue morally belongs to society, because it would boost business even beyond today's high levels, and because it would lead to lower tax levels and more rational land use. Aren't these reasons enough?** Is the mis-appropriation of \$80-100 billion yearly a matter of small moment? **Is it necessary to say that poverty is increasing constantly? Saying so will lose us our audience, because the facts are clearly otherwise:**

- the Gross National Product per capita is increasing steadily.
  - the percentage distribution of wealth and income among rich and poor has remained fairly steady in recent decades.
  - as a consequence, the poor have been
- (Continued on page 3)

**to be a beautiful center of thriving culture and charm.**

If the population of these United States is to be attracted back into the great cities, if our urban centers are to resume their rightful roles as great focal points for a bustling commerce as well as for cultural activity and civilized repose, if their systems of mass transit are to be restored, if their blankets of asphyxiating smog are to be lifted, then their systems of taxation must be reversed. Their people must recapture the socially produced land values they have created, and their production must be freed from the stifling effects of punitive imposition, from the rapacious hand of the tax gatherer. — JAMES L. BUSEY\*

\* Dr. Busey is professor and Chairman, Cragmor Division of Political Science, University of Colorado, Colorado Springs.

## Better Cities Film Attracts New Interest

The Graded Tax League has been carrying on a vigorous educational campaign in support of land value taxation by exhibiting the new Schalkenbach Foundation film, "One Way to Better Cities." The work of making contacts with numerous organizations is being directed by John C. Weaver who is keenly interested in the possibility of extending the Graded Tax in the Pittsburgh district and has been meeting with a most encouraging response from influential individuals and groups.

Among the organizations which arranged exhibitions of the film are the WTAE television station, YMCA Public Affairs Forum, Civic Club of Allegheny County, Kiwanis Clubs of Oakland, South Hills, Squirrel Hill, Brighton Road, Sheridan and Glenshaw; the Rotary Clubs of North Side, Lawrenceville, Millvale, Penn Hills, Homestead and Bridgeville; the Lions Clubs of East Liberty, Northside and Whitehall, North Hills Civic Club, North Suburban Builders Association, North Hills Real Estate Salesmen's Society, the Char-Val Retirees Club of Crafton, and the Bell Telephone Company officials.

From all indications this film meets the need for a strong, graphic presentation of the case for land value taxation with emphasis upon current urban problems, and it presents positive endorsements from such eminent men as Profs. Dick Netzer, Mason Gaffney, C. Lowell Harriss, John Keith, Executive Vice President of the New York Regional Plan Association, former Mayor James Clarkson of Southfield, Michigan, Dr. Robert Hutchins, and Dr. Carl Madden, Chief Economist of the U. S. Chamber of Commerce. And the very favorable introduction by Secretary George Romney of the U. S. Department of Housing and Urban Development adds further support.

Our last issue reported significant statements in favor of land value taxation by Commissioner Leonard Staisey of Allegheny County and Councilman J. Craig Kuhn of Pittsburgh tending to indicate that tax and assessment reform has become a live topic of public discussion which may lead to some concrete action in due time.

The power to reason correctly on general subjects is not to be learned in schools, nor does it come with special knowledge. It results from care in separating, from caution in combining, from the habit of asking ourselves the meaning of the words we use, and making sure of one step before building another upon it — and, above all, from loyalty to truth. — Henry George

## Attention — Georgists!

Thanks to the generous response of many friends of the cause, we are able to continue the publication of **EQUAL RIGHTS** and now present our sixth quarterly issue, designed to briefly present news and views related to the philosophy of Henry George and to the progress of the movement for land value taxation and free enterprise.

**Let us hear from you** whenever you may have an inspiration to communicate. Give us the benefit of your ideas, criticisms or constructive suggestions. There are problems demanding solutions. Our opinions on many issues may differ. Let us then discuss our differences. It will clarify our own thinking as Georgists and make us stronger advocates of positive action.

**We need many more subscribers** to make our periodical more effective. Can you send us names of prospects? If you are already a contributing member, please remember to **send your renewal** soon, if you have not done so.

Address Henry George Foundation of America, 336 Fourth Avenue, Pittsburgh, Pa. 15222.

### A Georgist View of Labor Unionism

Unless a rate of wages forced up by combination adds to the wealth of the community, such increase must cause a rise in the price of commodities and **must be paid by the general consumer.**

And if it were ever possible to effect a general increase of wages without an increase in the price of commodities, the rent of land **under the unrestrained private control of natural opportunities** that prevails, will **absorb all or a greater part of the gain.**

— Joseph Dana Miller,  
Single Tax Year Book

### Our Social Dilemma — II

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increasing their wealth and incomes at a faster rate than the rich.

— the chief cause of poverty today is cultural — many of the poor have habits which do not enable them to partake of the opportunities the economy at large offers them; also, discrimination past and present is an important factor.

**It goes without saying that land value taxation would increase these opportunities and lessen the amount of poverty**, but Henry George never said that poverty would increase constantly with material progress. He did recognize that there would be intervening periods of **prosperity**, some long,

## Pittsburgh Graded Tax In Actual Operation

For the year 1971, as proposed by Mayor Peter F. Flaherty in his annual budget message, the **Pittsburgh City Council has fixed a city land tax rate of 55 mills and a building tax rate of 27.5 mills.** These rates are identical with last year's when the **land tax rate was increased 9 mills** to raise additional needed revenue, and the building tax rate was increased 4.5 mills in accordance with the **2 to 1 ratio mandated** by the original graded tax act, which has been effective since 1925.

The official report of the Board of Assessment shows a total assessed land valuation of \$401,723,077, an assessed building valuation of \$949,719,051, or a total assessed real estate valuation of \$1,351,442,128. All assessments are now based by the County assessors on 50 per cent of prevailing market value, this ratio **applying alike to both land and buildings** as contemplated by the Graded Tax plan.

## Most Georgists Will Agree With Henry George

It is evident that to take rent in taxation for public purposes would be to destroy the tendency to an absolute decrease in wages and interest by throwing open natural opportunities now monopolized and **reducing the price of land.**

**Labor and capital** would thus not merely gain what is now taken from them in taxation but **would gain by the positive decline in rent.**

— "Progress and Poverty," p. 439

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**The speculative value of land would be destroyed** as soon as it was known that, no matter whether land were used or not, the tax would increase as fast as the value increased; and no one would want to hold land that he did not use.

With the disappearance of the capital or selling value of land, the premium which must now be paid in purchase money by those who wish to use land would disappear.

— "Protection or Free Trade," p. 285

others short. **Aren't we in one of these periods now?**

To me, the chief harm of not taxing land values is **the damage to our moral values:** the inurement to increasingly heavy taxation, the consequent denial of property rights and **the obscuring of what justice is in a complex modern economy.**

— Steven Cord

# Shearman Exposed Land Tax Shifting Doctrine

While the Duke of Argyll and all his landlord allies rend the air with their denunciations of the proposed tax on rent, as confiscation and robbery, other opponents of the tax, appreciating the fact that tenants far out-number landlords at the polls, devote their energy to proving that this tax would all be shifted upon tenants, by an increase of rent, so that landlords would finally pay none of it.

**If this were true, then no relief from the unequal distribution of wealth can be had; for all direct taxes would ultimately fall upon consumption, just assuredly as do indirect taxes. In short, no tax would be really direct.** The greatest benefit thus far held out, as the result of adopting an exclusive tax upon ground rent, would be **unattainable** under that or any other system.

On the other hand, if this doctrine were true, the indignation of the Duke of Argyll and all the great landlords of Great Britain and Ireland is absurdly misdirected. If they can recover this tax from their tenants, precisely as the importer of foreign goods recovers custom taxes from the purchasers of those goods, they will lose nothing by the change, and may even profit by it. It is very clear **that the landlords do not believe a word of this doctrine of shifting taxation;** for if they did they would look with indifference, if not with positive favor, upon the taxation of ground rents. So far from doing this, dukes, earls, and marquises are eagerly struggling in England for election as councilmen and aldermen, for the sole purpose of preventing the taxation of ground rents.

While a few respectable and sincere

students of economic science hold to the doctrine of the transferability of the ground-rent tax to the tenants, no one will dispute that **an overwhelming weight of authority, both in numbers and in reputation, scout that doctrine as absurd.** Not only the entire school of Ricardo and Mill, but also nine-tenths of other economic writers make it **a fundamental doctrine of their science that such a tax never can be transferred to tenants.**

If the owners of houses cannot recover from tenants the tax upon houses, nobody will build any more houses for renting. But the owner of land cannot create any more land, no matter how liberally he may be paid for it; and he cannot diminish the area of land, no matter how little he may receive for it. Every increase of taxation upon ground rents makes it more difficult to keep land out of use; and therefore **it increases the competition between land owners to get tenants.** Under a light tax upon ground rents, two tenants pursue one landlord. But under a heavy tax, two landlords pursue one tenant.

If ground rents should be taxed even to half their amount, landlord's without tenants would be compelled **to sell at any price** to other landlords who could get tenants. The tendency of all taxes upon ground rents, therefore, is **to reduce rent, rather than to increase it;** and this makes the very idea of a transfer of such taxes to the tenant **utterly absurd.** No amount of tax upon ground rents **will ever be shifted** over to tenants by an increase of rents.

—THOMAS G. SHEARMAN,  
"Natural Taxation," 1898

## Nader's Drive For Property Assessment Reform

Nader's new drive on unfair tax assessing spotlights a ripe target.

One hope is to extend his normal student following to enlist middle-class homeowners, who have a dollar-and-cents stake. Sam Simon, a Nader associate, says fair tax assessments could cut homeowners' tax burden by "as much as 25%." But a panel of 40 experts has concluded that homeowners' attitudes are "one big reason" assessments are so uneven. People don't want equity, the panel said, but rather "inequity favorable to themselves."

In "too many thousands" of localities, the power structure depends for support on "big property owners" who expect bargain assessments in return, the panel

said. It singled out assessments in New York State, Illinois, and Indiana as particularly bad. It called for greater disclosure of assessment negotiations, including the name of any law firm involved. "All too often . . . a few favored firms have a very profitable inside track," it said.

—Wall Street Journal

### Equal Rights to All

The Democracy to which I belong and as a representative of which I stand here, is the Democracy of Thomas Jefferson; the Democracy that believes in **equal rights to all and special privileges to none;** the Democracy that **would crush all monopolies** under its foot."

—Henry George  
Speech at Cooper Union,  
July 12, 1894

## Big Cities' Populations Decline For First Time

For the first time in the history of the United States, our big-city population is actually declining. Here are the key statistics:

For the past two years, the top 257 cities in the U. S. have been losing population at the rate of 381,000 a year — compared with an average yearly gain of 271,000 from 1960-66.

In the past two years, the number of white Americans leaving the cities has nearly quadrupled; from an average of 141,000 a year in 1960-66 to an average of 486,000 in 1966-68. At the same time, the influx of black Americans into the cities, mainly from the rural South, has slowed dramatically: the Negro populations of the 257 biggest cities rose only 111,000 a year in the 1966-68 period, against 370,000 a year in 1960-66.

What has happened? Riots, racial tensions, soaring crime rates in the cities are what has happened — on top of all the other city problems of pollution, traffic jams, rising rents, falling quality of the schools.

As the statistics dramatize, whites and blacks are running from these problems — with the economically successful Negroes in particular moving to the suburbs and satellite cities of the big cities to take advantage of the start of integration of residential housing. A statistical hint is the growth of the overall Negro suburban population by an average of 221,000 a year in the 1966-68 period, more than 11 times as fast as the 19,000 yearly average in 1960-66.

What has happened, too, is the tremendous influx of industry into the suburbs. The Southern states, from which so many of today's big-city Negroes came, have been successfully luring large corporations with a wide array of financial incentives and promises to train entire work forces in modern new area vocational schools. And industry has been moving beyond the suburbs into the open countryside as well. Meanwhile, new "whole towns" are surely siphoning off increasing numbers of ex-city people and even ex-suburbanites. And the exurbs continue to lure people from both city and suburb.

— Sylvia Porter

The answer is that — Land is now recognized as private property, that this makes annual ground rents private income, that they are on sale in the market at capitalized values, and that wherever such conditions obtain the wisest way of beginning to get those incomes for public use is by taxing capital values. — Louis F. Post