

Something

to

ponder

2477

Jan J. Pot. Welgraven laan 27, 6741 ZH Lunteren.

On Propaganda

The progress we make for our ideas is not satisfying. Along which lines can we improve this?

We have our schools, courses, periodicals and writing members. They do their utmost, and that is much gratifying. But what can we do more?

WE argue to abolish all taxes except one, but do we have a scheme, a draft how to do that? Do we have a draft for a legislation along our principles. Do we have tangible things? We have our bible P&P and a couple of other books - hundreds of pages full of reasoning and arguing, but what is the ultimate result of that? How can we ever convince thousands of people without any comprehensive tangible proposition? Even the survey in Whitstable did not result in realistic propositions; the conclusion in the paper on Whitstable of the 11 th conference was: "much useful exploration can still be done" and "The harvest is still a long way off". So we go asleep anew.

We are not as lucky as our Australian friends, who can point to their neighbours (and even that is sometimes insufficient). In our countries the Australian and New Zealand examples make no sense. It's a pity, but it's the truth. In St. Andrews we got a translation of the Danish Law on Valuation and State-Taxation - excellent as a guide how to do or not to do it. Perhaps there exist Australian and New Zealand specimens too.

What I propose is: let's appoint a small studygroup on propaganda. To give an example: in Holland we have a lot of political parties. Five of them are "big" parties. And all five have a study-centre on social and economic problems. It are foundations with the name of a well-known former politician. In my opinion our movement also needs to have a study-centre, to file figures and facts, to digest articles of interest, to report on polls and surveys, to issue academic studies and suggestions for propaganda. A centre for basic information in a modern and utmost comprehensive form. Our I.U. Newsletter - instead of publishing news - at once turned out to be a platform for academic understandings and misunderstandings. Perhaps our english friends wish to return to news in this letter, and to establish an own platform for the studygroup. Or - the HGSSS has already a correspondence division. Perhaps this division can collect and distribute the correspondence on the subject.

So let's have a "Correspondence Study Centre of the I.U.," or "of the HGSSS."

As a specimen for discussion I present herewith a study re the name of our International Union.

ir.J.J.Pot.

Holland

OUR PROPAGANDA.

Did you pay for your site and are you compelled to pay a tax for your site as well?

That is unfair. Or this, or that, but not both!

What did Henry George propose..... ?

Both! Don't scream that that's not true. If you buy land and have to pay land value tax, then you buy only part of the value of the land. The value is shared with the taxcollector. He collects the LVT, and the remainder of the rent is capitalized, that's the amount you paid as price of the land. But if you have bought your land, and if afterwards a landtax is introduced or increased, then you pay twice.

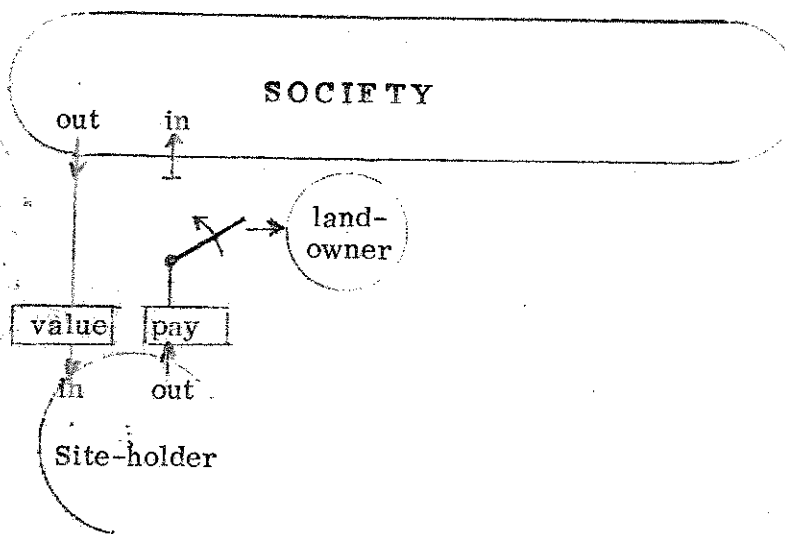
Oh yes, I know: if the price of your land increases, it is earned for you by the community and you have only to collect it if you sell your land. But apart from this economic aspect of this problem, only to be captured by profound thinking, there is a superficial psychological aspect. The feeling of the masses is: you pay both, you should not pay the tax.

Our propaganda should hook on at this point! Our philosophy and knowledge of economics is our background. But you cannot put this economic knowledge in front right at the start of propaganda for the average people. The only thing people know is that "they have to pay"! So our propaganda has to start down-to-earth with: "What to pay". Not in a faraway utopia, but NOW.

"You cannot change that" will be the only answer you get, and then your people wander about already to thousands-and-one other things. 'Not interested.'

Again: how to make propaganda? Perhaps: file a lawsuit. Or: make a scandal. That's NEWS! Papers will print it and distribute it among thousands of readers for you!

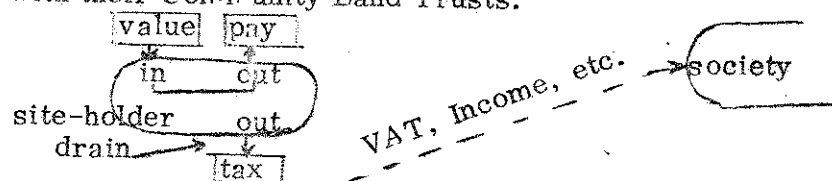
JJP



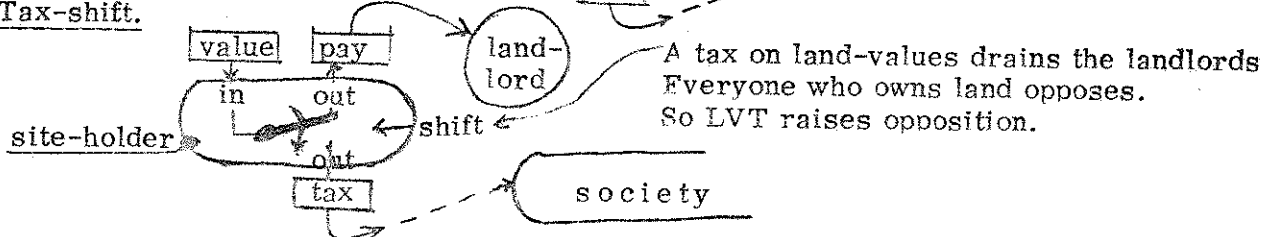
1. If you buy a loaf of bread, be aware that the stuff is a gift of nature, but that you pay for labour exerted and for the privilege to make use of nature's gift ("land"). If you buy or rent a site, be aware that you pay for labour exerted by the community, irrespective whether you pay to the community or to a private person who has the power of privilege. Site-rent is a honest pay for value received. Therefore: is it a common way of saying that the baker appropriates money from my pocket at the moment he delivers me a loaf of bread? Does he exact money from my purse? No! I buy and pay. So be aware that for land I buy and pay. To 'appropriate' is not the case and is the wrong term.
2. Also 'to take' is the wrong term: does the baker 'take' money from my pocket, when he gives me a loaf of bread? In the same way the owner of land - be it the society or someone else - does not 'take' from my purse, but I am 'willing' to pay - whether a capital sum or rent. I buy and pay. The terms to 'appropriate' and to 'take' are frustrating as to 'levy a tax' or 'to take by taxation'.
3. Consider the sequence: price - licence - duty - charge - levy - tax. To call it a 'tax' is a) frustrating, b) is not correct, for we aim at the whole rent (or annual 'value') as Borsodi and others do with their Community Land Trusts.

4. A tax is a drain.

It checks activity
by the V.A.T.,
by the tax on income,
savings and all the rest.



5. Tax-shift.



6. Value

Lionel Boorman says: value arises from rent. Wim Costerus says: rent arises from value. Henry George says: It is this capacity of yielding rent ((we call it 'rentality')) which gives value to the land.

Don't say 'value' sec, for this term has many meanings: existence value, use value, production value, exchange value, money value (price), annual value (rent), rental value, trade value, real value, announcement value. So what is the meaning of 'value' tout court? Site value (personal valuation), obligation value (land rent), exertion value (costprice), belief value (bonds and stocks), monopoly value, scarcity value, expectance value (land price).

How to get peoples attention

With artists and circuses. In Java 'Wajang' performances were used to educate people in ecology.

"But the people have to do it themselves. That's the problem. How do you do that - and mind: with different generations! There is so little notice paid to the common sake, of people generally. I believe that along the way of art there will be possibilities to alter that behaviour. I'm composing a booklet called: "matter of people comprehending development". Caspar Schuurin, De Ingenieur 2/2'84, p.7.

Henry George has clearly explained that the value of land arises from people in community, so that you should pay for land to the same community. But how to implement that? How can you convert the wrong society of today into a good one? At that instance Henry George advised a medium that is counter to our goal: taxation! The effect of this blunder did not fail to come. Today, 100 years later, as considered from a worldwide view, we have achieved hardly nothing. And in the very country where this system is successfully applied (New Zealand) we are warned that in the long run this method fails (see Rolland O'Regan in his paper to the conference in Caswell Bay in 1968: "a glittering prize" will be yours if you manage to lessen the site-rate). Now we face a huge brainwashing operation of severe importance.

Land-~~tax~~. site-~~rate~~, ground-rent or land-duty, has to be paid to the treasury.

A payment to the authority is named a 'duty'. A duty to pay for the permission to make use of a part of Great Britain - a 'land-duty'.

Land has value. And if I will make use of the land, I have to pay for it. But - which brainfilthiness calls such a 'burden', a 'tax'? That has to be wiped out, that has nothing to do with a burden. That diverts the attention of the public away from our splendid philosophy to a pervert system of robbery: take from what one has earned or saved. It is named a 'tax', it is introduced as a tax, as a burden on land-values, instead of explaining that you pay for value received.

The advocates of the term 'LVT' need a profound brainwashing!

JJP

Land duty, "What people will pay to occupy land" for the "privilege of location among people". Joseph Thompson in Colloquial Colloquies, p.8 and 30.

Royal Rent: historical accurate in describing a payment to the government.
"real estate" from regal or royal, means public: land can never be personal property. Nils C. Oeslebey, Henry George News, oct. 1967, p.16.

A better name should not lead to an ending on -ist. For that means a man opposed to all the other '-ists'. Hearing a man calling himself anist, one should be opposed to him. Let specialists in the trade search for a better name. Our principle has to do with land, gifts of nature, rent, common heritage, justice (in Denmark the georgist party is called 'Justice party!'), etc. but NOT tax, NOT a single tax. Landrent is one possibility, but I hope one will find a better name.

"Georgeists used to say that if a tax were put on land values, its results would be so evident and so popular, that it would be steadily increased. This is just not true. Indeed, the reverse is the truth. The national land tax in New Zealand was designed to compel the break-up of large holdings, and in the successful accomplishment of this end it undoubtedly played a part; but as the smaller landholders multiplied, so did opposition to any extension of the tax. This experience was paralleled in Australia and in the irrigation districts of California. No one likes paying taxes and every land-tax payer becomes an opponent of the tax. In addition he has an added motive to oppose a land tax in particular, and I think this is important. A tax on land values reduces the value of a property by the amount of the tax capitalised. Conversely, any remission of the tax means an increase in the selling value of the property, i.e. a capital gain, and every landowner reaches out at some time for this glittering prize. This is the motive keeping alive the constant pressure to abandon land-value taxation in the municipal field. Land-value taxers, in their efforts to destroy the evils of private property in land, are fighting a continual battle which is never won, and for this reason I believe a further step is required to secure the gains made; and this step is the adoption of a system of leasehold tenure."

Dr. Rolland O'Regan:
'State Leaseholds - the Basis
for Land Reform.'
Paper presented at the 12th
International Conference LVTFT,
Caswell Bay, England, 1968.

In Australia and New Zealand they are accustomed to shift the rent by a poll. Such doesn't exist in our country. You may deplore payments for titles to land, but in Holland there is absolutely no other way out than to purchase and lease. And every day the start is postponed, we lose the rent for the whole country! Moreover - every increase of the rate in cents per dollar of the market price of the land, lowers this market price. So land-value taxation takes besides the rent, the capital property as well. Specifically only from those who happen to own land. With every increase of the rate we rob their capital too. So on every occasion they will fight for a decrease of the rate, as they do in New Zealand, because they see their capital gains as a 'glittering prize'. In my opinion the Canberra disaster is due to the fact that private owners were robbed by the tax. If we purchase the land we'll have far less opposition.

If an owner of land is injured by taking his rent by the community, he has to be indemnified by the taxpayer by whose consent he purchased his site. Our trick is that because of inflation and increasing land-value, it can be calculated that indemnification can be paid down within 15 or 25 years. Thereafter the people need not be fined by taxation any longer.

Purchasing land by the municipality is not so dramatic. Should the municipality buy raw land for a new quarter? They improve the land with leveling, streeting, piping, cabling, lightning and parcelling out. They use to sell the sites for about 5 times the purchasing price of the bare land. Now, if a contractor builds a house on this land and sells it with the land underneath inclusive, the purchasing price of the site for which the municipality sold it, amounts to about a fifth of the price total for the dwelling. So purchasing-cost of the municipality (the 'compensation'!) of the land amounts to only some 1/25th of the layout of the dweller. Not unbearable for a houseowner. Therefore discussion on compensation is on a nuisance.

There will still remain another paramount reason to buy the land by the community. Not for an economic reason, but for a psychological one. As long as land will be called 'personal property', you spoil your principle and you give them a foothold for opposition. On the contrary, if the land is leased, there are no private owners any longer. The renter is not owner. As soon and as long as the correct rental value is charged, there will be no selling price and no landmarket. But only a rentmarket. A market comparable with that of renting farmers on land of a landlord. Farmers pay full rent, they pay no capital value. Farmers do not speak or even think in terms of capital values. During centuries already only the rental value has been in their minds.

It is a wrong - socialist - idea that the land should come "into the hands of the community". For the community immediately puts it "into the hands of the users" by means of a lease. Grondvest is not interested in land - only in the rent. The rent to be paid will be the market rent, so that the land will have no selling price any longer. And this rent will be adjusted every year to the market value in that particular year.

Marx is outdated. So is George. Calling yourself a Georgist, you belong to the passed century: George - oh, that's a book in the library... obsolete. Say 'George'; and the economists will say: 'that age has gone by'. The name 'Goerge' says nothing to the man who never heard of it before, and it stops thinking by those who remember that he was one of the host of names learned at school.

What some of the prominent members of our movement say about our name:

Oscar Johannsen is right. If we call ourselves 'Land Value Taxers' people will get just one point - we are 'taxers'. They will believe we want to impose on them some kind of tax - and they will be against us. Says Morgan Harris in Henry George News april 1979. James L. Busey wrote in Equal Rights: "Proposition 13 indicates the people want to reduce taxes, not increase them. They are not interested in some new or apparently added tax, such as 'land-value tax'. " (ibid)

Nils C. Oeslebey: "Single-tax is neither accurate nor appealing". HGN oct. 1967, p. 16. J.S. Thompson, our former president, wrote in HGN, june 1967, p. 13: "I am as eager as anyone to see the phrase 'Singel fax' disappear, though land value rental and other suggested titles so far seem uninspiring. We sadly need a quickly explanatory title." J. Stoffels wrote as far back as 1906! : "The term 'tax' doesn't raise by the people the idea of common ownership of the land, but on the contrary justifies the principle of private land ownership, with which - as long as he pays the tax - can do as he thinks fit. The landowner shall, as ever, consider the single tax as a tax which he tries to evade if he sees a chance to influence government. In this way the english landlords have the land that properly belonged - and still belongs to the king, gradually free-ed of all burdens and shifted it on the shoulders of the working people."

The name of our union is a dammed foolish roadbloc on our way. It has to be removed at the start of the new century after Progress and Poverty. There had to be decided on it at the general business meeting of the members of the union at the conference in San Francisco 1979. But this proposal was voted down by a 13 to 10 majority of members who didn't take care of the six years really intensive study on the subject and perhaps have never seen the six interim reports since (filed in the archives of the Union). Now be aware that similar things happen in parliament or local councils. Already a century long the solution of P+P is advocated, "miles of speeches and tons of literature" and an untold amount of dollars is spent to promote this solution. But is raised in parliament or local counsils this solution is defeated every time and again, except a rare exeption comparec with the number of parliaments and local councils the world over. "The book" remains in the library and is hardly gently agreed upon with a smile. What can we learn from this? I think the democratic way is not apt to be the right way to have a principle accepted. But we cannot - and by Jove we wish not to abandon our democracy. So the answer on the question is: alter the way along which our principle should be accepted. I think we in Holland have the opportunity to do so. "The machinery already exists" in Holland for a long time already, namely the long-lease system.

If there is on the agenda of the next meeting of the council a proposal to sell community-owned land, I have to have only ONE councillor in favor of our ideas. For I'll supply him with a calculation which proves that the local authority can earn money by not to sell but to lease that site. This one councillor should put forward a calculation which figures out that the community can get rich while they sleep, if only it behaves as a real land speculator. Mind, there are many people to whom this makes sense. Mind that you can repeat this every time and again when there is a site to be sold on the agenda. Mind that you have these opportunities in every council apart. So think of the host of opportunities, perpetually repeating, to introduce our system of land-tenure - that is to rent the land to the people. If only you have one councillor in favor to promote these calculations.

We could not sell our philosophy during a century already. Therefore we should urge only to do it. On as many occasions as possible should not sell but lease community owned land, for within 10 or 20 years your community will be rich for ever.

Don't push forward the merits, don't worry people about lessening the income tax and the sort, for they will smile and not believe you. But the councillors will be all too happy to lessen the tax-burden as soon as they earn for the community enough money from land-rent to do so. For that is but an all too good feature for them to forward in the next election. The majority of people simply do not care about the problems of government until they are affected by it. So hit them in their pockets, for there's where their brains are!

THE ESSENCE OF THE PROBLEM.

The essence of the problem is, that - a century after Progress and Poverty - rent is still not being collected as public revenue. Even if a start is made NOW by taking a small part of the land-value by taxation, and the proportion is gradually increased, the part left in private hands is likely to amount - by the time the final goal is reached - to more than would be paid for the land if it was bought at today's selling price. It would therefore be cheaper for the taxpayer to buy now, provided that the land purchased by the community is let on lease under conditions that provide for the rent being revised annually to allow for the general rise in land-values and for inflation.

The Grondvest-pamphlet published in Januari 1976, gives for a district in The Hague a table showing the implications for the municipality of a typical purchase. It is assumed that the municipality buys a plot of land for f 25.000 by means of a 25-year mortgage at 9 % interest, and lets it at a rent which initially is equal to the interest-rate on the mortgage (f 2250) but which increases by 7 % each year as a result of inflation. With annual repayments of f 1000 and interest payments decreasing as the mortgage is paid off - and with the rent received increasing in money-terms as inflation reduces the value of the money - the annual balances are adverse for the first four years, but are favourable thereafter. The total balance becomes favourable from the ninth year onward and, over the whole period, the investment is shown to be a very good one for the community. On the figures assumed in this example, the municipality would receive a rent of f 11.500 in the 25th year and the total balance over the whole period, at f 88.627, would be three-and-a-half times the initial investment.

Therefore I consider that it is more effective to talk to politicians about the practical matters with which they are immediately concerned, then about economic principles they may find more difficult and less interesting. Therefore I approach the chairman of the finance committee saying: "You can earn a lot of money for your municipality, listen". Or better: "LOOK", for they are apt not to listen. Therefore I show him a table of figures (yes, figures, instead of economic laws which bore him and which he cannot grasp). Result: one councillor after another shows up to ask us how to do it.

To start with, land should be purchased when it is offered for sale. Most land is offered for sale at least once in a generation so that, after some 25 years, the greater part of the land would be rented for the benefit of the people. Since most plots of land in towns have buildings on them, this means that the local authority would step in when a property is put on the market, buy the land and lease it to the owner of the building. In the Netherlands no additional legislation is necessary to enable the local authority to do this, though a draft legislation is now under discussion in parliament to give local authorities the right of preference to buy land that is offered for sale. In my opinion, they should be compelled to do so. I think that after some ten or twenty years, may be the masses might catch on and take the remainder at once, by taxation or else.

In addition, Grondvest also offers guidance on the practical steps to be taken. We present draft conditions of lease and show how rent can be reassessed annually by means of a land-rent map showing the 'basic' rent (i.e. the rent in the first year) of each plot of land; and a multiplying factor which is fixed each year, f.i. in the light of available evidence from land sales during the year, or else.

Don't start with difficult examples, but take the easiest cases first. It will be an eyeopener for the people, and that is of paramount importance. The dogmatic way has had almost no success during a century. Well then, grant me to try it another way round. Let me be 'in' and on speaking terms with this people. Then at least I'll have the opportunity to indoctrinate their minds and to turn and twist them along our line. Up to now we have been only silly idealists - in their eyes at least - with unworkable propositions.

Maybe you are nevertheless of the opinion that we embark on the wrong wagon.

But if we manage to curb the track and end up at our common goal, you will applaud nevertheless. That is MY way of doing something about it.

CHALLENGE.

What is't that You DID ?

It's the value, it's the annual value, created in coöperation of the unimproved land that has to be returned to our common treasury.

Did you ask the member you voted in the council to do so? Did you write him a letter asking him to do so? Did you argue that whenever the community has some land in possession, never to sell it but only to lease it at the full commercial rent? Didn't you think this is the easiest way to make at least a tiny beginning - giving it as an example! Didn't you tell your councillor that the municipality should buy every parcel advertised for sale, and lease it?

Problems?? NO!!! Many individual contractors give the example: they DO so! They buy raw land where they can, and lease it to willing dwellers who wish to build on it. There are examples that the contractrent is adjusted yearly! In private hands IT WORKS - why not in the hands of the alderman in charge of finance? Imagine him to do business for a while in a land leasing company to learn the job how to do it on commercial terms. Exactly in the same way he should

lease OUR country for OUR benefit !

Indemnification.

If you 'take' the rent, you 'take' the property at the same time. That's a natural law of economics.

If you 'take', you rob. This system is as bad as taxation. You should not do that.

I know that Henry George in The Perplexed Philosopher dedicated a whole chapter on compensation. Already long ago I've made a script, arguing that, however the landowner has been the profit^{er} and the people the victims, this nevertheless is not a valid argument to rob bluntly from the landowner what's his. It's the system that's at fault, by consent of the people. So do me a favor and have a look at this problem as follows.

1. There are landowners who bartered their money for land yesterday; there are others who have land in their family for centuries already.
2. Scarcety ~~sets~~ sets the price. The price of a commodity or a dwelling or a piece of art, etc. may go up and down, but that's the risk of the buyer.
3. If you don't put in line the owners of land with owners of other things, you hurt the feelings of the people and you will never get our proposals accepted, let be effectuated in the long run.
4. Indemnification of those, from whom you will 'take', should be for the 'real', non-speculative value. That is not the price on the market of the capital value, but of the capitalisation of the rental value at that very moment.
5. The method how to arrive at the real value is the Somers system. Of course authorities will never put this system in operation. But you can - and should! - do this personally.
6. Make your own estimation and put the capitalised value in every site of the quarter where you live, on the map. I say capital value, for that's the only language they can understand. You have to come at speaking terms with them.
7. You will get it ~~in~~ your local paper, for it's hot news.
8. Tell them that the assessments for the property tax will be adjusted along this draft map. Those who's assesment go up, will fight you.
9. With that information you can adjust the figures on your map.
10. Re-adjust these figures to ~~xxxxxxxxxxxx~~ the annual rental values derived from the information gathered on your draft map. From these figures you make a reasonable and inflation-free capitalisation. For that will amount to a fair indemnification of the landowners who whether at free will or compulsory have to exchange their title for money. If done so in the right way, such an indemnification will not impoverish nor enrich these people.
11. Let them keep their land. Let them get the capitalisation and let them pay the rent.
12. Anybody, so also the authority, can always buy the land with borrowed money on mortgage. This doesn't hurt the taxpayer.
13. After a couple of years this debt will be redeemed. During this period the taxpayers will pay taxes as usual. Thereafter they will be freed of paying taxes any longer, for

after that date the landrent will substitute taxation.

14. Example of calculation. As an example we consider a site purchased and improved with streeting, cabling, piping, etc. by the community for \$10,000.-.. This money is borrowed on a mortgage. The community lets this site on ~~lease~~ perpetual lease with a canon indexed every year on real value. The loan on mortgage may be redeemed at will. In 1976 in The Hague the authority calculated with 6 % inflation yearly per annum, and with a site-rent percentage equal at the interest percentage of 8 % per year.

At the end of the first year the municipality gets a rent of 8 % of \$10,000 and spend this amount for paying the 8 % interest on the borrowed money. But the next year the value of the site will be increased and with the overshoot the loan can be redeemed.

The first year this will be a very small amount, but this will increase in the following years rapidly. In this example the loan will be redeemed after 16 years, without claiming a single cent of the taxpayer. The only burden on the taxpayer is that in this 16 year long he pays tax as usual. From the 17th year on the rent will replace the tax, and more than that.

WHAT'S HAPPENING IN HOLLAND ?

Nothing at all - for people in Holland are not aware of our principles.

On the other side of our globe they have more than half a century experience with our LVT. Let me see what is the outcome.

In New Zealand 'a prize is glittering', warned Rolland O'Regan in his paper to the international conference of our Union in Caswell Bay, 1968, p.8:

"A tax on land-values reduces the value of the property by the amount of the tax capitalized. Conversely any remission of the tax means an increase in the selling value of the property, i.e. a capital gain, and every landowner reaches out at some time for this glittering prize. This is the motive keeping alive the constant pressure to abandon land-value taxation in the municipal field. Land-value taxers, in their efforts to destroy the evils of private property in land, are fighting a continual battle which is never won, and for this reason I believe a further step is required to secure the gains made; and this step is the adoption of a system of leasehold tenure."

Forteen years later:

"Unfortunately, New Zealand has departed from the straightforward and simple principle of site value rating."

"An unremitting effort goes on to further reduce the impact of what rates still are on land-value."

"Affluent and influential people and real estate agents advocate that per capita tax is much fairer!"

Betty Nobel, Wellington, New Zealand.
The Georgist Journal 35, Spring '82, p.7.

In Australia:

"Considerable resistance is developing in this country to local rate increases."

Graham Hart in his paper to this conference
on p. 5.2 - ad 11.

"In South Australia, after nearly 90 years, the Land Tax Amendment Bill dated 30th Oct '79 abolishes land tax on the principle place of residence of landholders."

"This same proposition has been put forward in Victoria and Tasmania."

Progress 847, Febr. '80, p.3. .

"The ever increasing burden of local rates is prompting a wide-spread demand for an alternative to the present system."

"The raising of revenue by means of a local income tax appears attractive as a method of making those most able to pay."

Dr. Sandilands: 'Rating Reform'.
Strathclyde University
Department of Economics.

Belize:

"In the 1930s, the land tax was increased from $1\frac{1}{2}$ to $2\frac{1}{2}$ cents per acre. The Belize Estate and Produce Co and other large landowners refused to pay, and the increase was consequently annulled in 1937 and made retrospective!".

"The PBC lobbied the Belize Government and the Colonial Power in London, and was finally able to achieve exemption from the tax for a full 95% of its rural lands."

Fred Harrison in his paper to this conference
on p.6 and 7.

a 1% levy, rising to 2% the second year, 3% the third and 4 % the fourth year."

The Georgist Journal 35, Spring '82, p. 9.

But then, mr. Tholstrup, don't wait any longer, but before this trend will be reversed, take the whole rent at once! At that moment the land price will be already reduced by your tax, so before opposition awakes, switch from tax to leasehold tenure. Don't worry about financing this shift, for this can always be done by the one who collects the rent. F.i. bonds will bridge the gap, as proposed by

mr. Geddes in his paper to this conference,
on p. 3.

So what about the proposal I advocate for Holland,

Altering the tax-legislation is virtually impossible in Holland. Therefore I think of leasing by the authority. As an example I point to private enterprisers in Holland who do for themselves the same thing - as well as to the so called 'land trusts' all over the world. The authority should copy these examples for the benefit of the people.

IT WORKS ! It runs on commercial basis. It remains and persists through the ages already. Big landowners have collected the full rent from the peasants. It is the system that proved its efficiency and permanence through a couple of millennia, a couple of thousands of years. This is the system we should aim at; it is lasting and persistent; let the community be the owner of the land.

STOP !! Owner?? Nobody, even not the community created the land. Only the Lord is 'owner' of the gifts of nature.

But what the community HAS created, and therefore IS its property, that is the RENT of the land.

"Let the individuals who now hold land in possession, still retain, if they want to, possession of what they are pleased to call THEIR land. Let them continue to call it THEIR land."

"What I, therefore, propose - is to

appropriate RENT. "

P&P, p.405-406.

So you see that what I propose is exactly the same thing that is proposed by our Master. Only, after a century, in another country, in another epoch, the way to do it may be different.

Jan J. Pot.
Welgravenlaan 27
6741 ZH LUNTEREN
Netherlands

Dear Mr. Pot,

I want to thank you for your excellent discussionpaper on 'The Name of the Union'.

I must apologize for being so long before writing about it. I have not yet been able to give it the detailed examination that it deserves but am just sending this note to acknowledge receipt and to say that I hope to let you have my considered opinion in the course of the next two or three weeks.

I hope you are keeping well, and all the friends.
Kindest regards,
Yours sincerely, (signed) Ashly Mitchell.

He, in 1925 in Danmark, was at the first conference where he was active in helping to shape the name: INTERNATIONAL UNION for LAND VALUE TAXATION and FREE TRADE. It was he who, after half a century, could tell us about the arguments for it, at that time. It was he, who knew the pro and cons the very best of all of us. It was he, who was prepared to: "give it the detailed examination that it deserves",..... Now he is no longer with us. But let all who knew him so much better than I be helpful to convey what they know was his feeling on this subject so close to his heart.

Mr. PRESIDENT,

May I present to you this book! It contains all the letters I received during the years on the Name of the Union. But I assure you that there's more in it than on the name only. It is very instructive to read about the views of your members. This book must be studied by your teachers; their pupils should make excerpts from it of items that struck them. And for yourself it will give you inspiration for many more articles in your Georgist Journal. Thereafter this book should be filed in the archives of our Union at our headquarters in London.

If I look in the book, I see the letter of Joe Thompson where he says: "Of course the phrase 'Land Value Taxation' stultifies itself because if fully taxed it has no value left." - And here's the Resolution of the Australian Association for Good Government to the conference as long ago as in Caswell Bay, asking the delegates of the conference to change the name of the Union. They proposed the terms Site Rent Revenue to be in the new name - a proposal supported by several arguments. - Then in 1962 Nils Oesleby wrote in the HGN that the phrase 'Single Tax' is neither accurate nor appealing and asks: what about Royal Rent? - Pavlos Giannelias reminds us that Henry George in Progress and Poverty, Book IX, chapter I says that the burdens removed "would lead to an increase of the VALUE of land", and three pages further: "The selling PRICE of land would fall." - McGahan in one of his informative letters says that there's something radically wrong with our presentation. George Tideman calls it good news that we are proposing a change of name. - On the other hand Steven Cord writes: "I like I. U. L. V. T. F. T. These goals are what we stand for." - Four yellow pages of James Busey are filled with arguments we should never forget. - Noah Alper points to his "Public Revenue Educational Council" and Graham Hart argues at length that he favors 'Henry George' in the name. You should study his very informative letters, f.i. where he quotes from a schoolbook: "Man is by nature a fighting animal and force is the ultimate ratio, not of kings alone, but of all mankind." - As James Mac Murchie says: "Taxation is pure legalised robbery: 'Stand and Deliver!'" He's really very radical. But here at the end we learn the merit of discussing matters. Bill Pitt says: "Because of the immense effort that over the years has used the Name Henry George.....etc." After he got my reply he changed his mind and wrote to me: "You are correct; the money we have spent in the name 'Henry George' is gone."

Well, let this be enough to introduce this discussion on the Name. I trust this most valuable book in your hands, mr. president, and I trust that this host of useful information from so many of our active members will not be lost.

Dear Bob,

See introduction, p.3, ref. 'A' :

Land reform, as commonly understood, means an access to natural resources - i.e. the access of farmers to the land - by physically dividing-up and parcelling out of great estates. After one generation the eldest son gets the farm and after two generations the eldest grandson. Then the others are disheridited and need a Jubilea-year to start anew. So 'access to land' is not the right way of saying. May be you may say 'access to the value of the land', or share in the value of natural resources. That is when payments for the use of land are made to the common treasury. And after government-expenses are met, sharing-out of the remainder to the inhabitants, as we learn from Alberta.

See introduction, p.4, ref. 'B' :

If these resourses are monopolised by a small minority, this does no harm, as soon as they pay the full rent to the common treasury for the benefit of the masses, "to support all comfortably" Again, that is when all have access to the value of the resourses. Efficiency (f.e. in farming) needs great units - and in case of LVT this efficiency will benefit all. "Georgist reforms" would not give the landless multitudes of down-town citizens each a square foot of land "to produce for themselves" That's sheer nonsense! They are even not able to.

There are, as you have noticed - from conferences, from the Georgist Journal, etc. - many points of view in our movement. We want to make room for them all - or as many as possible - while still sticking to basics. In this case, it means staying close to the philosophy as Henry George outlined it, as that is our common denominator.

For instance, in giving an outline of Progress and Poverty, we think it is better to give it as George did rather than introduce improvements and modifications. Some of your comments on "paying rent to land" are well taken. Yet, when you consider it, labor is "human exertion", and this does not get wages, but the persons making the exertion get it. Land may not "get" rent, but neither does capital "get" interest, but rather the owners of capital. To refine all these points would take up much more space than we have. We have to keep it "brief" to live up to our title! And so we have simplified - perhaps drastically.

Also - although you may abhor taxation, even land value taxation, many of our people are working via this method - it is indeed one way of recouping some of the rental for society and reducing other taxes.

All we can do is hope to introduce some new people to some of our ideas with the hope that they will look into it further. If they do, and if they become converted and join our movement - then it is time enough for them to find out all our behind-the-scenes disagreements!

(By the way, "rating" is not used in America in the same sense as in English countries, viz., local taxation.)

Singerely,


Robert Clancy
Chairman

Land, (land proper), that is NOT sand or rock, but space, square meters, square feet, square yards (or cubic!) - an abstraction.

A second property of land is the place where these square meters are situated, the location. Land is permanent: the globe had, has and shall continue to have so many square kilometers. Not man-made; no production-price.

Land has value. Why? because you cannot live without land.

Land has a 'price'. Why? Because there are other people who wish to occupy the same location as you do. So you have to pay the other fellow an indemnification, if you occupy a site. That's what is called the price of land.

The other fellow didn't make the land, but nevertheless is disherited of this space of living. That's the reason why.

In society it are all other fellows who claim a location somewhere to live. That is the reason why you have to pay to the community, if you personally wish to fence-in a location.

What price? See for it the landmark:

- a. You can never pay for the real value in eternity with a lump sum, so only paying rent is valid.
- b. By paying rent, the possibility of speculation is precluded.
- c. For farmers there is - thousands of years already - a rent-market. We have to extend this rent-market for urban territory too.
- d. Rent has to be open to public inspection - by means of land-value-maps or better: rentmaps.
- e. The rent can annually be adjusted by way of an annually adjusted tariff on the figures on a landrent-base-map.

What we aim at is: PAY FOR THE LAND TO THE COMMUNITY; this is our principle.

Quite another question is: What to do with the mess of landlordship and taxation? Is there someone who has any idea how to do away with this rubbish? The idea of Henry George was taxation (!to abolish taxation); The idea of Ronald O'Regan was long lease; the idea of Fowlds was to buy out; What's your idea? Think it over please, for in every other country circumstances are different. There is already experience with war, church, nobility, long-lease and tax-shift.

Conclusion:

The community delivers location-value, for which you have to pay the market price (by rent) to the same community. Of course! That should be plain to everyone.

- - - - -

"Economic rent" is a theoretic term that can be neither assessed nor collected.

W.H. Pitt, HGN, oct 1967, p. 15.

Ownership of the site-value should be recognised as belonging to the community, and handled accordingly, that is given back to the community by those who now appropriate this site-value. They think the law permits them that, which is true, unfortunately.

In my view we Georgists should enable a clever lawyer to sue the community for

(a) neglecting its duty to revindicate its property (the site-value), and

(b) for levying taxes because of this same negligence.

W.Costerus, april 12, 1977.

Land has a rental value. And - capitalised - a market value.

The farmer pays rent to the landlord in competition with his fellow-farmers.

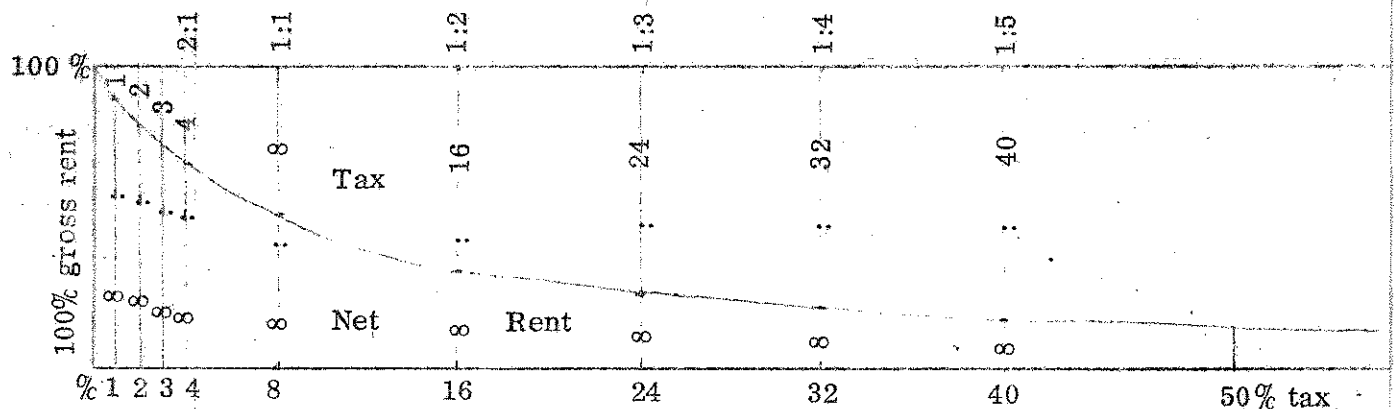
This rental value can be named the 'real' value of the land. It is free from speculation, expectation or inflation, because rent is the real value in a particular year.

It's not more then a bookkeeping manipulation to capitalise at an interest rate to calculate the capital- or market value.

Well, What happens if a tax is levied? The rental value remains the same - the real value cannot be enhanced by manipulations whatsoever. So the tax takes part of the rent. It is the RENT that is SHARED by the landowner and the taxcollector.

If f.i. the interest rate in your savings account is 8 %, and the taxcollector asks 1 %, he gets 1/9 of the rent, so that only 8/9 th is left for you. At a tax-rate of 2 %, you still will touch 8 % of your money. What happens is that the rent is shared, 2/10 th tax and 8/10 for you. And so on.

The impact of this can clearly be seen in a graph. Horizontally the tax rate percentage. Vertically the rent. The amount of rent remains the same, irrespective whatever the tax rate is. It's always the same amount, SHARED by you and your taxcollector. At 1 %, the tax is 1/9; at 2 % the tax takes 2/10, etc.



Are you interested in the selling value of your land? Well, capitalize at 8 % your share of the rent. Or: the market price of your land goes down in the same way as the rent that remains to you. It's the same graph as above. If the tax takes 8 %, it takes half the rent and consequently robs half the market value too! It's terrible, it's war, it's impossible.

What about a rate on the annual value? You clearly see that at a rate of 1 %, the tax takes 1/100 th of the rent; at 2 % a share of 2/100 th of the rent; and at 8 % there is still 92/100th of the rent left for you. But the economic impact is still small (!! 11 % of annual value = 1 % of capital value).

Is there some other way to reach our goal?

Summary of the muddle around Rent, Land and Moral.

What is Rent?

1. Rent is a toll upon the other two factors for permission to use the earth. HGS Mag. 10 '66.
2. In no circumstances whatever is rent a toll on labor and capital. Donohue, IUN 1.
3. Rent is an ever increasing charge upon production and living space. L & L, 4 '66.
4. In no circumstances whatever is rent an ever increasing charge upon production and living space. Donohue, IUN 1.
5. The real unassailable argument for the collection of the rental value of land is that land is a natural element and necessary for all life. Mitchell, IUN 2.
6. Rent is a secondary bounty of a beneficent Creator - land being the primary bounty. Donohue, IUN 1.
7. Rent is a part of product. Tetley, IUN 2.
8. Rent is ... handing over the excess product. Donohue, IUN 1.
9. Rent - product - surplus arising from human association. Grigg, IUN 2.
10. Rent is the value of location among people. Thompson, IUN 2.
11. Rent is 'profit of association' (Pearce) channeled through the differential advantages of location. Grigg, IUN 1.
12. Rent amounts to what one is willing to pay, irrespective of its produce. This is my contribution to the muddle. Pot.

In my opinion: Joe wins the prize.

What is land-value?

1. Georgists often say that land values are community created. This is uncontestable. Cord, HGN 4 '66.
2. The fallacy that land values are created by the community when in reality it is rent that is produced by the community. Donohue, IUN 1.
3. Neither individuals, neither the community 'create' the ability to save effort. They co-exist. Grigg, IUN 1.
4. Economy of effort gives rise to social value. Grigg, IUN 1.
5. 'Price' expresses something of certainty that clinches a deal, while 'value' reflects the idea of evaluation. Pitt, IUN 2.
6. The total value of land is arrived at, when we add to the selling value of land, which is commonly called its price, the (capitalized) value of all taxes and other charges. Knab, IUN 2.
7. When discussing a Georgist government, land values would never be mentioned. Betsy Harris, IUN 3.

Betsy wins the prize.

What about moral?

1. The use of the earth by individuals is not a privilege but a right. Privilege only arises when individuals can charge for its use (usury). Donohue, IUN 3.
2. The moral justification for taxing rents rests on the moral principle that all men have equal rights to what is not a product of labor. L & L, 5 '66.
3. Our whole movement is exposed to the ridicule, if we project its image (rent) as a social evil, when we are fully aware that it is a social good. Donohue, IUN 1.
4. Rent is a social product, and entirely good. It is the antithesis of land value, which is the bad product of injustice (bad government). Dowe, IUN 1.
5. Neither land value nor land rent is a social evil or a social good. Whether a thing is good or evil often depends upon its use, and is the concern of justice, not economic science. A science can have no opinion. Byrne, IUN 2.
6. I do not agree that rent is a 'social good', nor a 'social evil'. To me rent arises; it is completely impersonal. It has no moral qualities at all. Hudson, IUN 2.

Okay, Hudson.

JJP

IUN = International Union Newsletter, 1966, 1967. London.

HGS Mag. = Henry George School Magazine. London.

L & L = Land & Liberty. London.

HGN = Henry George News. New York.

But
Tax
Lease
Bond
Mortgage
Proviso
Landbank
Conversion
Cancel
Let me

Bonds.
If all the
rent of the
interest on the
focus. There
But - be a
treasury, we
is then directed
these bonds in
years. Other
discussion will
pay a yearly
May be this
the law - or may

Mortgage.
About mortgage we
land - whether
money will shift
not be disturbed.
authority can found
(be it for another

Proviso.
With 'proviso' I mean
conditions accepted,
To avoid this cumbersome
condition that not a
of the land and in the case
is needed. To the existing

Landbank.
Also this machinery exists
not extended to all land?
he can sell his land to the
and once in a generation it
he redeems his brother's and
to the landbank.

Conversion. Vic Blundell
free of rent until the owner dies
become cheaper, for the lease
Land & Liber

Cancel.
"Cancel the privilege of the law
So we see that there are a host
of private property to the desire
reason that the term 'taxation' is

une, 1979

PROGRESS

BEWARE THE "NEW APPROACH"

In his letter in "Progress", March 1979, Mr. J. J. Pot of Holland is advocating a "different approach" because he claims that the "method of Henry George does not work". He tries to support this by saying that "even in Australia hardly one per cent of site rent is collected for revenue by LVT and SVR". This last statement is utterly false. It is so outrageous as to require its immediate denial, and to request that he withdraw it if he is using it over and over.

Considerable site rent is collected directly for revenue in Australia. The system is working, though not as intensely as it ought.

Detailed reference can be made to an article "Heavy Taxes on Site Value in N.S.W." in "Good Government", October 1976.

All local governments in N.S.W. use site taxation as the main source of revenue. In 1976 the rates in cents per dollar ranged from 0.545 for the "rich" Sydney suburb of Woolahra to 58.0 for the country town of Harden. The majority of local councils had rates ranging from 2.0 to 7.0. In addition separate water and sewerage rates were 1.01 for Woolahra and 5.2 for Harden, making totals of 1.555 cents per dollar for Woolahra and 63.2 for Harden.

There was also one very small town (Peak Hill) which had total rates of 56.05. (Yes, these are cents per dollar of the market price of the site as estimated by a Valuer General whose estimates are genuine.)

What do these rates imply?

The per cent of site rent collected for public revenue is:

$$\frac{\text{Site rent collected}}{\text{Site rent collected} + \text{site rent retained} + \text{tax} + \text{interest}} \times 100$$

This is the same as:

$$\frac{\text{Site Tax Rate} + \text{Interest Rate}}{\text{Site Tax Rate}} \times 100$$

For Woolahra we find (assuming an interest rate of 5.0%) the % of site rent collected as public revenue =

$$\frac{1.555 \times 100}{1.555 + 5} = 23\%$$

and for Harden =

$$\frac{63.2 \times 100}{63.2 + 5} = 92\%$$

tax rate 63.2
interest rate 5%

In addition there is State Land Tax which falls heavily on those who hold a very large worth of land, but there are numerous exemptions. However, it does collect a considerable amount of site rent for the State, apart from that taken by the local authorities.

Although detailed research may be needed to provide a more accurate current figure, a reasonable estimate would be that: Definitely more than 23% of the potential site rent is collected by direct site taxes in N.S.W. and Queensland, and probably more than 20% in Australia as a

whole. Admittedly there are a few exemptions, and differing rates in various districts.

Although it may collect some site rent, I strongly oppose Mr. Pot's scheme. It is a buying back system, that is compensation for removing privilege. Compensation is not justifiable. His scheme also requires a full letting system, which is subject to corruption and to the risk of the site privilege being returned to the site holder by the failure to collect the rent. Our Canberra land is an excellent example of this. If Mr. Pot wants to quote Australian experience. Further, his plan does not purchase and then lease ALL LAND, but allows many site holders to retain permanent ownership without paying rent or site tax. There would soon be two classes, those who paid high site rent for revenue, and those who paid none; which would be immoral and uneconomic. It is a travesty of George's ideals. The lack of site tax would cause high prices for privately owned sites, making it most costly for government to purchase. Even if the Pot scheme is applied, it would work much better with site tax on all sites. People would be most foolish to let government purchase land at high prices, land which later might be handed back cheaply, as has happened!

Uniform site taxation at least deals with all site holders uniformly in removing their privileges, and encourages the reasonably efficient use of all sites.

Henry George's method is best. — S. S. Gilchrist, Roseville, N.S.W.

FEBRUARY, 1980

LETTERS TO THE EDITOR

Better Figures, Please!

"The Government's record in collecting land tax has been poor when it is considered that in the 1974-75 financial year the total taxation collected by all governments was \$17,690 million, which includes the pitiful sum of \$168 million raised by land tax." ("Progress", No. 803, pp. 1, 2.) This is what I called "hardly one per cent".

Probably more than 20% of the potential site rent is collected in Australia as a whole, Mr. Chilchrist estimates in "Progress", No. 830, p. 9. Conclusion: The whole site value of Australia as a whole mounts up to 5% of the total tax collected. But I cannot believe that these figures are true! Compare it with the USA. In 1973 the GNP was 39 billion dollars. Now Prof. Cord estimates the land rent of the USA at 200 billion dollars. Obviously, in spite of the fact that these figures probably differ some 4 or 5 years (nobody tells me better figures), nevertheless my estimate (as usual) that the whole taxation can be substituted land rent. From The Hague we know that more than 10% of local expenditures can be paid by local land rent. (up to now alas only 1%). Who can furnish more reliable figures from Australia — the most Georgist country in the world? (Estimated rental value of the country, rent collected plus expenditure of governments.)

On the other hand, most convincing is the fascinating building boom everywhere, if only a small part of the is taken. But remember what Dr. Rolland O'Regan said for years, and what he just has repeated on our reference in San Francisco: "Politically it (LVT or SVR) constantly exposed to destruction and defects. It has no permanent institutionalized defence. These can be sided only by a change of tenure." This is exactly what we do in Holland.

J. Pot, Lunteren, Hol

Taxes and ability to pay.

Many people honestly are convinced that it is of utmost justice that 'ability to pay' should be used as a yardstick for taxes. Therefore they are honestly in favor of property tax and income tax.

Nevertheless these people need some brainwashing. Their attention has to be drawn to f.i. Al Capone, who reasoned in the same way. He did not mulk beggars, but millionaires. Moreover he is a good example of the 'redistribution-of-wealth-system'. He was proud to give substantial part of his booty to the poor.

Ability-to-pay is a notion used by government and robbers. But the minds of honest people do not turn that way. For instance: the prices of the goods in the shops are fixed. But imagine that at Macy's the prices of all commodities were given in a percentage of the income of the buyer - preferably at a rising scale !! Really: a loaf of bread would cost a honest laborer only a few cents, but a millionair should have to pay for the same loaf quite a couple of dollars.

Ability-to-pay is not a honest yardstick. If honestly earned, one has to respect that. Taxation and re-distribution violate this human respectation. But if one makes use of a natural resource, a gift of nature, that cannot be more his than of everybody else, he has to indemn his fellowmen by paying a rent for it. Not for the produce, not for the profit made with it, but merely for the consent to keep it out of the hands of all his fellowmen. To pay the 'announcement value' to occupy part of tehe common gift of nature.

JJP

1. Gold is a gift of nature. Gold is already somewhere - on or in the ground. It is there already for millions of years. But:
How can a gift of nature - a GIFT - something that as such costs NO money, ever be a standard for money.....?
2. Most of it is deep in the earth. You have to mine the ore, to refine it and to carry the goldbars to the consumer. All this labour has to be paid for by money. But:
How can specifically the amount of labour for excavating, refining and transportation of gold, be a standard for money.....?
3. The owner of a goldmine has a privilege. The South African Republic for example. You have to pay for it if you wish to make use of such a privilege: a royalty. But:
How can a privilege ever be a standard for money.....?
4. Gold is scarce. Something that is scarce can be expensive. Is that the reason why you have to pay a lot of money for gold? But:
How can scarcity ever be a standard for money.....?
5. You can hardly have any use for gold. A little bit for jewelry and golden teeth. But the bulk of it is buried in the vaults of banks, such as Fort Knox. But:
How can the usefulness of gold ever be a standard for money.....?
6. Remarkable is the fact that if a country has no faith in the value of the money of another country, nevertheless both have confidence in gold! Then the coin of both countries is valued in grains or ounces of gold. But:
How can good faith ever be a standard for money.....?
7. Hundreds and thousands of years already it is a tradition to use gold (coined or not) as a medium of exchange. But:
How can tradition ever be a standard for money.....?
8. People will HAVE it. One is not aware why, but one is prepared to pay a lot of money for to 'have' gold. Just as jewels, rock-crystal, red coral, pearls, etc. Man is ever longing for a thing of beauty. But:
How can 'beauty' or 'desirability' ever be a standard for money.....?
9. It is suggested to use the unit of energy as a standard for money. But energy is a gift of nature, whether waiting already millions of years in the earth, or a daily gift of the sun. So for energy the reasoning is the same as for gold:
How can a gift of nature ever be a standard for money.....?
10. If one performs something, he can barter his performance with that of another man. This can be postponed by way of an evidence of promise: money.
Indeed: the only possible standard for money can never be otherwise then a human standard, a specified quantity and quality of human exertion. F.i. a haircut. Long ago it has cost me a quarter, today ten guilders. That much the guilder is debased. For the exertion, time and capability required, as well as the tools used, are still the same.

CONCLUSION.

Gifts of nature - gold or energy - are gratuitous, and as such cost no money.
Therefore gold, energy or whatever gift of nature, never can be a standard for money.

Money comes into being as an I. O. U. between people. Therefore a standard for money only can be a human standard - a standard exertion, as f.i. a haircut.

Therefore:

A STANDARD FOR A MEDIUM OF EXCHANGE NEVER CAN BE A "THING".

THE STANDARD FOR MONEY IS A UNIT OF HUMAN PERFORMANCE.

N. B.

Indeed an 'ounce' of gold is a yardstick with which a rate of exchange can be measured.
But such a yardstick is far from being a 'standard' !