

By Fred Harrison

LAND TAXES were common in the early period of the American colonies.

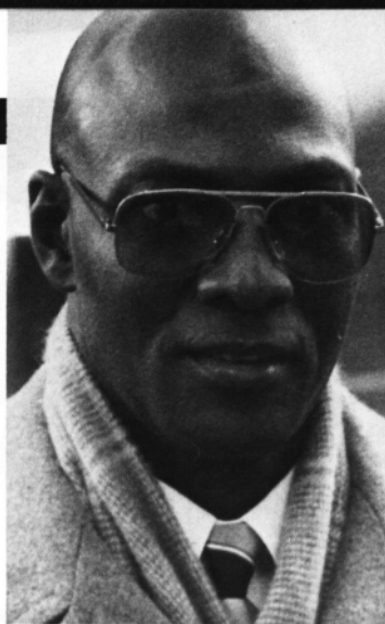
Gradually, however, they declined in importance as landowners shifted the cost of developing the New World onto the pockets of consumers and wage earners.

The change in the tax structure was a source of confusion and conflict among the settlers who struggled to define a fair society. The refugees who fled the despotic systems of the Old World found it hard to do what was right when it came to fiscal policy. Harris cites one conflict:

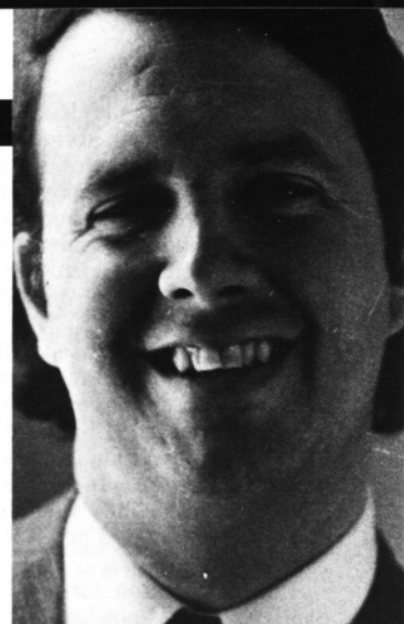
"Although the people realised that the poll tax fell heavily upon those least able to pay, they were reluctant to dispense with it and substitute for it a general land tax. This was shown in the 1663 session of the Virginia assembly; the proposal was made that the poll tax should be repealed and a tax on land should be levied in its place. It was rejected."¹

Pennsylvania was the scene of one of the more serious conflicts. The settlers insisted that the proprietary estates should bear their share of the taxes. The landowners disagreed.

"The proprietors argued that the land was unoccupied and held only for sale, while the assembly contended that the defence of this land was necessary and costly. Finally, the colonists won out, as they usually did in such controversies."²



● GEORGE COLLINS



● RICHARD BIDDLE

The Pennsylvania Tax Raiders

From the beginning of the 19th century the landowners consolidated their privileges, fighting off all attempts at sharing the value of nature's rich bounty with each successive wave of refugees.

Theirs is now the best organised interest group in the nation, equipped to fight rearguard actions to thwart all legislative attempts to reform the

structure of taxation in the interests of the community.

They have established themselves behind a political and a fiscal wall that guarantees that their interests are protected.

BUT THE tide of history may now be turning. The fight-back has begun.



An attempt is being made to reverse public attitudes, and it is fitting that the counter-attack should begin in Pennsylvania.

It was in Philadelphia that the United States produced the most famous land taxer of them all: Henry George. He was born at 413 South 10th Street on Sept. 2, 1839. The house is being restored to its original condition, and it is used as a school to disseminate George's economic teachings, the principal source of which is *Progress & Poverty*.³

The earliest successes, however, are being won elsewhere in the state. Land tax campaigners led by experts like Steven Cord, a professor of history, have notched up some important successes in cities like Pittsburgh.

Their strategy has been to move in slow, incremental stages. Instead of aiming for an immediate transformation of the property tax – shifting the burden onto land exclusively – they have adopted the hit-and-run tactics of the graded tax.

The result is that Pittsburgh now taxes land at a far higher rate than buildings: 3.3 per cent on land compared with 0.8 per cent on capital improvements.

The annual tax payment shown in the table is a percentage of officially assessed market value, and is known as the equalised tax rate. The Pittsburgh rate on land is 13.3 per cent, but its ratio to assessed market value is 25 per cent, so $13.3\% \times 25\% = 3.3\%$.⁴

A fifth town has joined the list for the current fiscal year: New Castle moved over to the graded tax last December. Land will pay 4 per cent and buildings 2.28 per cent, instead of a uniform tax of 2.6 per cent on both land and buildings.

Because it is assessing land and buildings at full current market value, New Castle is taxing land at a higher rate than any of the other cities. Following the change, 78 per cent of the homeowners will pay less in property taxes this year. Council President Roger DeCarbo says that they plan to reduce the tax on buildings to zero over the course of five years.⁵

THE TAX RAIDERS have now moved in on Philadelphia.

The Director of the Henry George School is George Collins, who with

● One of the "big globs of land" in Philadelphia which Councilman Tayoun wants to see developed.



● James Tayoun: "The time has come for the land tax."

teacher Richard Biddle and a team of supporters has been methodically lobbying politicians and community groups over the years.

Their major coup came last year when Councilman James J. Tayoun, the wheeler-dealer noted for getting results for his constituents, decided to

	Equalised Tax Rates (%)	
	Land	Buildings
New Castle	4.0	2.3
Scranton	3.4	0.9
Pittsburgh	3.3	0.8
Harrisburg	3.3	1.1
McKeesport	2.3	0.5

attend a course at the Henry George School.

He turned up for the first lecture only. But a month later, Collins received a phone call: Tayoun wanted a meeting. He had decided to make land value taxation an issue in Philadelphia politics. Last November he "went public" with the proposal at a meeting of the Queen Village Homeowners Association.

Currently, the city bases its assessment of property values at about a

3-1 ratio – three-quarters on the structure and the remainder on the land.

"I want to change it to emphasise the land value more," declared Tayoun. "People with huge globs of land sit on it for speculation. This would behoove them to increase development."

TAYOUN, who plays for big stakes, knows that there is bound to be a powerful reaction from the vested interests. Might these not include homeowners? If so, their electoral influence could destroy any attempt at fiscal reform.

So, as the city solicitor's office began to draft the Bill that would change the law, Tayoun got down to his homework.

Community groups were briefed on the benefits of land value taxation. Prof. Cord was invited to explain the benefits to a group of city officials, and he was commissioned to produce a report on the effect on residential properties.

Preliminary results of this study reveal that home owners would pay lower taxes in 59 wards and more in seven wards. The calculation was done on the basis of a change from

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- 1884 German colonization of South-West Africa.
- 1915 Germans surrender to South Africa.
- 1920 Mandate conferred on South Africa by League of Nations.
- 1946 UN trusteeship replaces mandate.
- 1966 SWAPO, founded in 1960, launches armed struggle. UN terminates South African mandate.
- 1967 UN Council for Namibia set up.
- 1971 International Court of Justice rules South African occupation is illegal.
- 1973 UN General Assembly recognizes SWAPO as "the authentic representative of the Namibian people."
- 1974 Security Council resolution 366 calls for South African withdrawal.
- 1977 Five Western powers form "contact group." Democratic Turnhalle Alliance (DTA) formed with South African support.
- 1978 South African troops raid SWAPO base in Angola. DTA wins 82% of votes cast in "internal" election.
- 1979 Constituent assembly in Windhoek is transformed into National Assembly. Revolt by right-wing whites against laws outlawing race discrimination.
- 1982 Rev. Peter Kalangula's party withdraws from DTA, ending hopes that the Alliance could defeat SWAPO in free elections.

Redistribution of the benefits of land cannot be avoided, however:

"Namibian nationalism, having grown out of the colonial theft of land and control of contract labour, will in the post-independence period be likely to create high expectations that land will be redistributed, wages raised appreciably, and families united."²

Parallel with the military conflict, then, is an ideological one: and it will ultimately determine the socio-economic structure of Namibian society.

South Africa wants to model the country along racialist lines, with the blacks segregated into "homelands."

SWAPO began its armed struggle 16 years ago to break the whites' plan to establish an apartheid system. Under the Odendaal plan (1964) moves were instituted to split the black-occupied part of the country into 10 "native nations," while at the same time developing closer government links between the remaining "white area" and South Africa.

The apartheid model for social and economic development is offensive to the West, but what is the alternative?

Lord Carrington, the former British Foreign Minister, canvassed the possibility that independence might be achieved by means of another Lancaster House-type conference which resulted in the creation of an independent Zimbabwe.

This may have some attraction for SWAPO leaders, who proclaim an affinity with Robert Mugabe's style of moderate socialism.

The post-independence problems in Zimbabwe, however, ought to alert SWAPO to the dangers of the Lancaster House agreement.

Under the terms of that conference, Mugabe agreed that white-owned land would be redistributed only if the whites were compensated. He has now discovered that he does not have the money to meet the land hunger of the black peasant farmers.

The same would be true of Namibia, despite the fact that she has the largest diamond deposits in the world. Namibia imports 90% of her food, and the risks of disrupting the rural sector further are considerable.

Hundreds of farms have already been abandoned (one third of them in the Outjo district north of the capital, Windhoek).

The problem during the post-independence phase will be to increase output on the 5,000 white-owned commercial farms and the 100,000 black subsistence farms. This would not be achieved if a Marxist government set out to appropriate the land of efficient farmers in the name of reverse discrimination.

A CRITIQUE of the Zimbabwe solution argued that a tax on land values ought to have been instituted as the major redistributive mechanism. This would satisfy the dual need to maximise output on occupied land and ensure that idle land was placed in the hands of needy landless farmers.³

Careful attention must now be given to the problem of land reform, learning from the errors which have led to the new political crisis in Zimbabwe.⁴

For no matter which side wins the military conflict, unless a solution is found to the land question which is both equitable and economically efficient, the losers will still be the mass of landless peasants.

REFERENCES

1. *Namibia in the 1980s*, London: CIIR, 1981, pp. 32-33.
2. *Ibid.*, p.56.
3. Vic Blundell and Fred Harrison, 'The Big Sellout', *Land & Liberty*, Nov.-Dec. 1979.
4. Ian Barron, 'Land hunger - the threat to Mugabe', *Land & Liberty*, Nov.-Dec. 1981.

Pennsylvania Tax Raiders

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the present tax of 6.57 per cent of assessed value to 5 per cent on buildings and 12.25 per cent on land.

Meanwhile, Collins and collaborator, Wylie Young, began a detailed survey of about 500 parcels throughout the 66 wards. When these two reports are completed, Tayoun will stage a series of town meetings to inform residents.

BUT THE attractions of land value taxation are not limited to shifting the burden off homeowners. Tayoun appreciates the wider economic implications.

For example, many more jobs would be created in the depressed construction industry. So a meeting was organised between Collins and the "big honcho" of the Operating Engineers Union, Ralph Williams, who is also chairman of the Joint Building Trades Council.

Williams told Collins and Biddle that he recognised that the change in the property tax would be good for his people: it would encourage more building.

Tayoun believes that his campaign also has a potential political impact at the national level. He told me during an interview in his office in city hall:

"The time has come for the land tax. I know it is right for Philadelphia. We will blaze a trail, and we will be followed by cities like New York, Boston and Chicago."

The raid on the tax system is apparently going smoothly. Collins, however, is not being deceived. He says: "So far, there has been no resistance or objection to the proposal but we are not being lulled into a false sense of security. We expect opposition and we will be ready for it."

REFERENCES

1. Marshall Harris, *Origin of the Land Tenure System in the US*, Ames: Iowa State College Press, 1953, p.311.
2. *Ibid.*, p.312.
3. Henry George, *Progress & Poverty*, New York: Robert Schalkenbach Foundation, centenary edn. 1979.
4. School and county tax rates are levied equally on land and buildings, and are in addition to the municipal rates. In Pittsburgh, the equalised county tax rate is 0.7 per cent and the school tax rate is 1 per cent.
5. *Incentive Taxation*, Jan.-Feb. 1982.