

LAND & LIBERTY

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Carter's Price-fighter Talks Tax Sense!

PRESIDENT JIMMY CARTER'S "trouble-shooter on inflation, Alfred E. Kahn, has now gone on record as declaring:

"I have long held the conviction that it makes absolutely no sense to tax unimproved land in the same way as improved land—that the rental value of the former is, as Henry George observed a long time ago, a genuinely unearned increment, and that taxing it heavily, while reducing correspondingly the taxes on real capital formation, makes excellent sense on grounds both of equity and economics."

Kahn, as chairman of the Council on Wage and Price Stability, carries considerable political clout in the White House. His views, if presented to the President, should help to create a favourable climate for changes in US property taxes. Kahn's views were expressed to Henry S. Reuss, the Democrat Representative for Milwaukee, who is chairman of the influential House Committee on Banking, Finance and Urban Affairs. Reuss says:

"Vacant and underused sites are taxed so low they have become prized tax shelters for which buyers keep bidding up prices. Sky-high land prices, in turn, boost the cost of food and housing, two of the prime factors in the current inflationary spiral."

In this issue, Land & Liberty reports on the attempt by Reuss to alert the public to the dangers of rapidly rising land prices. The first step, he says, is to establish a national land price index.



HENRY S. REUSS

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The Making—Or Breaking?—Of A Constitution



REBEL Premier Ian Smith shed tears when he made the last speech in a white-dominated Rhodesian Parliament. But will the transition to black majority rule really end effective control by the whites? For Smith has rigged the Constitution to ensure that exploitation under the existing land tenure system will continue. Control over natural resources determines the source of economic—and therefore political—power. The prospects for peace and justice in Zimbabwe are explored in the May-June issue of —

— **Land & Liberty** —

THE REFORM of property taxes is now a hot political issue in the U.S. But while most of the publicity is going to California's Proposition 13 initiative, which reduced taxes on both land and buildings, action is under way for a potentially more fundamental change in the tax structure.

The thrust of the action is aimed at increasing the tax liability on landowners. Such a change, however, would be counter to 200 years of tradition, and it seriously challenges the interests of one of the most powerful groups in American society.

Arguably, landowners are the most influential lobbyists in Washington. Careful preparatory work is therefore vital if these interests are to be defeated. And the first step came from an unexpected quarter: the appointment by President Carter of Alfred E. Kahn as chairman of the Council on Wage and Price Stability.

Kahn says: "If the President wanted to hire a jawboner . . . he didn't pick the right man." One of the fiscal changes he wants to see is an increase in taxes on vacant land, which would hit the speculators. "It is irrefutable that taxing capital is less desirable than taxing land," says Kahn.¹

But he has now power over taxation, and so his desire to curb the rise in housing costs can only come about, in the short-term, by his encouraging state and local governments to reduce taxes on buildings relative to land.

WITHOUT strong support from Capitol Hill, the kinds of changes desired by Kahn are bound to be thwarted.

The psychological barriers against penalising landowners—who enjoy immense tax advantages compared with other asset holders—are enormous, and require careful preparatory planning.

The breakthrough came on Dec. 11, when Henry S. Reuss sent a letter to Ray Marshall, the Secretary of Labour.

Reuss is chairman of the influential House of Representatives Committee on Banking, Finance and Urban Affairs. He pointed out that there was a "serious gap in the consumer and wholesale price indexes—the absence of any index for land prices." He added:

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