

Might that upward pressure occur in the **United States**? Congress is trying to exercise budgetary influence over the President, but political commentators are sceptical of the possibility of substantial success. One of them noted:

"... it is against tradition for Congress to take the lead in shaping the budget. The big congressional battles have not been fought over budgets but over sedition acts, slavery, tariffs, the fate of Senator Joseph McCarthy, equal rights, the crimes of President Nixon."<sup>6</sup>

This is too fatalistic a view. Despite the cumbersome written constitution, Washington's political processes are capable of change.

For example, Henry Reuss, chairman of the influential Joint Economic Committee, recently proved to the constitutional experts that Congress has the legal capacity to instruct the Federal Reserve Board to change its monetary policies.

Mr. Reuss is the senior Congressional politician in favour of land value taxation, but the influence that he exercises is not now likely to bear fruit. For he is not seeking a return to the House of Representatives in the mid-term elections in November.

Even so, with U.S. unemployment forging ahead from its present level of nine per cent, many people are looking for a standard bearer.

Fresh opportunities for shaping fiscal policy must continue to present themselves. For tax policy is at the heart of the U.S. economic debate. President Reagan is staking his credibility – and re-election for a second term, if he seeks it – on the belief that sustained growth will follow a restructured fiscal system.

The controversy, of course, arises when questions are asked about *who* should benefit from a change in taxation. It is now evident that the policy-makers have not yet demonstrated an awareness of the critical need to bring land value taxation into their reckoning. The land monopolists will therefore continue to enjoy the benefits of their unearned income with the knowledge that, whatever else may happen, they will continue to sit on an asset that appreciates in value even while the jobless tramp the streets in search of employment.

#### REFERENCES

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3. *British Business*, London: Dept. of Trade, 7.5.82., p.45.
4. *A Forecast of Industrial Rents*, No. 1 (April 1982): Press Notice dated 26.5.82.
5. Brendan Keenan, 'Tax threat to future of Dublin's Stock Exchange', *Financial Times*, 23.4.82.
6. Henry Brandon, 'Persuading men to enjoy cactus', *Sunday Times*, 9.5.82.

## ST. LOUIS STUDY PROVES IT:

# Voters would back land value taxation!

BY THE EDITOR

**LAND & LIBERTY** analyses developments in land tax policies throughout the world in a special nine-page report in this issue.

Land value taxation is still neglected by the world's statesmen; but activist groups and professionals are showing an increasing awareness of the importance of this fiscal policy.

Starting with a report on the Dublin budget plans (p. 69), our correspondents report from as far afield as the Dominican Republic, in the Caribbean, to Denmark, to Western Australia "down under".

THE ETHICS of sharing the value of nature's resources, while preserving the liberties of the individual, are beyond dispute.

Opponents of those reforms that emphasise the need to displace the tax burden away from income earned by labour and capital, and onto socially-created land values, rarely dare to challenge the land tax on equity grounds.

Instead, appeals are made to vested interested groups, the largest of which is made up of home-owners. They are scared into thinking that land value taxation would undermine the secure possession of their domestic domain.

Economic efficiency, then, has to be the basis of a reply to such opposition.

We know from all the evidence – empirical studies (such as the pilot survey of Whitstable, in south-east England), and the practical results from places where buildings are untaxed – that the theoretical claims are verified.

Nonetheless, while waiting for statesmen to be gripped by the conviction that their constituents would be best served by this fiscal reform, we must continue to advance the case through fresh research.

*The results add to the overwhelming conclusion that economic efficiency cannot be optimised, and justice cannot be seen to be done, until the value of nature's resources are captured for the public benefit.*

EVIDENCE from one such study has just been published by the Public Revenue Education Council of St.

Louis, Missouri.

The Council asked itself: What would happen if taxes on buildings were wiped out? Would people end up by paying *more* if the property tax fell exclusively on the value of land?

A random sample of properties in St. Louis was examined. The researchers worked on the assumption that the same amount of finance would have to be raised via the property tax. This is what they found:

- 73 per cent of properties owned by individuals would pay less. The average tax decrease was \$66 (23 per cent). 27 per cent of the properties averaged a \$45 (51 per cent) tax increase.
- Vacant, under-developed and deteriorated properties would have to pay higher taxes. These, in the main, are owned by corporations, banks and trusts. Even so, big organisations also stand to gain by a change to site value taxation. 50 per cent of the banks and trusts, and 25 per cent of the corporations, stand to pay lower property taxes in St. Louis.

RESULTS such as these go a long way towards persuading people that, on the grounds of self-interest alone, they should back the proposal to change the nature of the property tax.

But the local, individual benefits do not constitute the whole case for land value taxation; indeed, comparatively speaking, these are minor benefits. Greater attention ought to be paid to the macro-economic benefits, a major point emphasised in our report on Jamaica (pages 70 to 74).

Analyses at the level of the economy, unfortunately, are bedevilled by a shortage of relevant data – and most important of all, reliable indices of long-term trends in land values and rents.

Even so, these shortcomings must not be used as excuses for parochialism or even inactivity. Never before in the history of industrial society has the need for land value taxation been either more obvious or more urgent.

*Land & Liberty* will remain alert to global developments, and we ask our readers to monitor events in their countries on our behalf. We need all the material – from Press reports to official documents – that we can get.

Our goal is a reform of a tax system which, today, actively inhibits people from achieving the social and economic lifestyle to which they are entitled in a civilised community.

**POLITICS & THE LAND TAX**  
10 pages of reports start on P.69