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### THE GOOD NEWS AND THE BAD NEWS

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First the good news.

Those who have long advocated land value taxation - in particular the followers of Henry George - can view with cautious optimism some of today's developments. A great deal of favorable interest in the matter has picked up on the part of public officials, professors and other leaders.

This revival of interest may be dated from the appearance of a special issue of House and Home (the leading U.S. publication on home building) in August 1960. This magazine was edited and published by Perry Prentice who had been concerned with the high price of land as an impediment to building and had come to accept Georgist principles as an answer. This issue evoked tremendous interest throughout the country, and many others - who perhaps had been for it all along or were converted - now spoke up. In succession, The Architectural Forum, Reader's Digest, Time, Fortune and other leading media came out on the subject.

Prof. Dick Netzer of New York University wrote The Economics of the Property Tax, published by the prestigious Brookings Institution, and advocated a shift of tax from improvements to land. Prof. C. Lowell Harriss of Columbia University and President of the National Tax Association, wrote numerous articles in favor of land value taxation, and many other professors also spoke up.

Two important committees of the U.S. Senate have given attention to the matter. One was the National Commission on Urban Problems, headed by Sen. Paul Douglas, which issued its report in 1968 and urged that the U.S. Treasury Dept. undertake an intensive study of land value taxation. A more recent one was a sub-committee on the Property Tax chaired by Sen. Edmund Muskie, which held hearings in 1972 and heard much testimony on the subject of land value taxation.

The famous consumer's champion, Ralph Nader, has also become interested in the property tax and although his group does not specifically advocate land value taxation, they constantly point to the enormous profits in real estate and natural resources and the flagrant underassessments and undertaxation. Nader's group was also responsible for a revealing study, Power and Land in California, showing the pervasive influence of

landed property in that state.

In the field of assessment there is also a resurgence of interest. Many of the immediate followers of Henry George in the early part of this century saw an opportunity in the field of property assessment and instituted methods that became standard (Somers, Zangerle, Purdy et al). However, the initial impetus declined with a new generation of officials and assessors with little interest in or comprehension of the subject. The result was a shocking irregularity in procedures, a gross inequality in assessments and a flagrant underassessment usually where values were highest and landowners most powerful.

A comprehensive report issued by the Advisory Commission on Intergovernmental Relations in 1963, The Role of the States in Strengthening the Property Tax, surveyed the situation and offered remedies. The chairman of this study was Frederick L. Bird who had been influenced by Georgist teachings.

A wave of effort in the reassessment of property is taking place. One notable in this field is Ted Gwartney, now chief assessor in Hartford, Conn. Upgradings of assessments are being undertaken in other cities. A Constitutional Commission in Illinois studied land value taxation and heard testimony on it. A similar Commission in Ohio proposes to study it. Amendments permitting greater taxation of land values are being introduced in state legislatures - in California by Albert Rodda, in New York by Andrew Stein.

Much is happening with a promise of more to come.

And now for the bad news.

While encouraging progress toward land value taxation is being made, there are enormous forces ranged against it. We cannot expect that the most powerful vested interest of all, landed property, is going to sit by idly and watch its unearned income being whittled away. This opposition, moreover, does not reveal itself or debate in public, but works quietly, steadily and effectively behind the scenes.

Talking is one thing doing is another. There has been much talk of land value tax legislation, but so far very little has materialized. Whenever something favorable towards land value taxation happens, something else happens to thwart it. The work of James Clarkson, for many years mayor of Southfield, Mich. in upgrading land assessments has been squelched by a succeeding administration which does not follow Clarkson's policy and by a state law forbidding further increases in assessment. Similarly the work of Irene Hickman, assessor of Sacramento, Calif. in upping assessments has been undermined and she is out of office.

California is also the state where the local property tax was declared unconstitutional as revenue for public education because it violates "equal opportunity." Poor communities, according to the argument, have low

property values and therefore have to be taxed more heavily to support public education than rich communities where high property values permit a low tax rate. The abolition of the local property tax thus became a crusade for "liberals" - and we can imagine that nothing could be more pleasing to landowners than that liberals should pull their chestnuts out of the fire for them.

The campaign against the property tax spread across the country with amazing alacrity, with state after state challenging the property tax. The U.S. Supreme Court put an end to the controversy by declaring that the property tax for public education was not unconstitutional. This, however, was a Pyrrhic victory because the reason they gave was that education is not a basic right, therefore equal opportunity does not apply. This unfortunately is grist for the liberal argument against the property tax and seems to place those who advocate the property tax in the position of favoring the wealthy as against the poor.

This of course is not the case. Those who advocate land value taxation are in favor of property tax reform so that the tax falls on the land rather than on the improvement. This requires an equal treatment so that the higher the value the more would be paid. It is thus by no means a regressive tax as its opponents charge, but it is a far cry from the property tax as it is now practiced. The current confusions over the property tax have made the job of explaining it more difficult.

Meanwhile, the property tax continues to be fought both by landowners and by well-meaning liberals. While it is not unconstitutional, it does not have to be imposed, and substitutes are being sought. Much of the money given back by the Federal government to the states in the revenue-sharing program is being used by states to cut down the property tax - even though the President's Task Force on revenue sharing expressed themselves favorably on land value taxation. Talking and doing are two different things.

The "poor widow or orphan" argument is not to be underestimated. It can destroy our efforts and has done so. In Australia, it undermined the Canberra system of leaseholds. "This poor widow owns a piece of land and you want to tax it away from her? Shameful!" Governor Rockefeller of New York State did not scruple to use this argument, although he is one of the biggest landlords in history. The argument is all the more insidious as it appeals to people's sympathy. It needs all our attention to handle and cannot be dismissed with a witticism.

Owners of natural resources are also effective lobbyists and have succeeded in keeping the tax on oil and other resources down to a safe minimum. The trouble is that those who have a stake in the rent of land are guarding their special privilege all the time. The efforts of those who want reform are sporadic by comparison and are not as clearly and continuously financed by a special source of revenue.

Apart from special interests, one tremendous obstacle is

sheer inertia of the public at large. "Everybody's business is nobody's business." The Georgist argument involves more than a switch to a neat system of taxation - it involves a philosophy that wants to give to the individual what belongs to him - the product of his labor, untaxed - and to society what belongs to it - the rent of land which is socially created. And it seeks equal rights and equal opportunities for all people in the use of the earth. It is a big philosophy - but thousands of Lilliputian arguments have succeeded in tying it up. There are arguments submitted not only by professors and land lobbyists but by the "common man" - and usually the main motivation is simply not to be bothered to change the present system, even if for the better.

While I am speaking primarily of the U.S., it may be noted that in Denmark there was in the 1950's a coalition government with the Georgist party (Retsforbund) participating. The Georgists wielded influence out of proportion to their numbers and introduced Georgist measures which led to better conditions, lower unemployment and less inflation. Yet the Georgists were turned out and thereafter the Danes turned to policies which increased unemployment and inflation. One is forced to wonder, do people feel more comfortable with these wretched problems than with their solution? Do they wish to cling to their diseases, merely medicating them rather than cure them?

These situations impel one to the conclusion that there has to be some sort of "conversion" - a new outlook on the part of the people that will permit the adoption of the kind of measures that we seek.

This emphasizes the need for education as well as effective action. We still have much to learn in both areas. There are still few of us and our efforts are scattered. We need to learn how to work together and to apply what force we have in the most effective way.

The situation is not bleak. The good things happening today in our favor are no coincidence. They are largely the result of four decades of educational work. Up to fifteen years ago, Henry George and land value taxation were not taken seriously; now they are.

The only answer is to continue to work at it. If we do, we are bound to get results. We may not be able to eliminate all the bad news but we can turn more of it to good.

The words of Arthur Hugh Clough which have comforted so many reformers still have power:

"Say not the struggle nought availeth  
The labor and the wounds are vain  
.....  
In front, the sun climbs slow, how slowly,  
But westward, look, the land is bright."