

the Henry George News

PUBLISHED BY HENRY GEORGE SCHOOL OF SOCIAL SCIENCE • JANUARY 1966

Cord Comments

A HOLIDAY dinner at the New York Henry George School introduced a book written by a former faculty member. Steven B. Cord, now a professor at the Indiana University of Pennsylvania, was welcomed by former colleagues of the HG teaching staff, as he autographed copies of HENRY GEORGE — REALIST OR DREAMER? (See review on p. 11)

Professor Cord outlined some of his conclusions in the following brief address which followed the dinner on December 29th.



It's good to be back here again. It was in this building some fifteen years ago that I took my basic course in *Progress and Poverty*, and since then my pattern of thinking has been forever altered. Some of you who taught me are here now.

This book that I have just written, *Henry George: Dreamer or Realist?* grew out of a course I taught here in 1952 entitled "Henry George and His Critics." In doing reading for that course, I soon came to realize that American historians and economists had grossly misunderstood George and that a re-evaluation of the man was overdue. Years later, when I had to choose a subject for my doctoral thesis, I had no difficulty in making a choice.

While wrestling with the critics of Henry George during the three years it took (part-time) to write the book, I came across some new ideas that I would like to pass along to you now.

1) Many of our critics charge that the land value tax is inequitable be-

cause it is not based on that so-called great moral principle, ability to pay. To that charge every good Georgist replies that ability to pay is hardly a moral principle, that it would justify the burglar in the pursuit of his profession; we are not morally entitled to take money from a man just because he has it. The ability to pay principle does not adequately distinguish between earned and unearned income.

Although the ability-to-pay principle may have some validity on grounds of expediency — it is certainly easier to tax the rich people rather than poor — even on these grounds land value taxation wins out and we needn't be apologetic. For after all, many people own land but the most valuable land is owned by very rich people, whereas the ordinary man owns land of very ordinary value. A tax on land values therefore, and ability to pay, are roughly proportional. In fact the land value tax follows the ability-to-pay

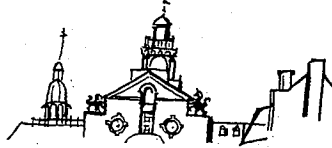
(Continued on page 15)

It was observed that local real estate tax policies punish with higher taxes any owner of slum property who tries to make his tenements less slum-like, and rewards him by reducing his taxes if he allows his slum buildings to become less habitable.

Dr. Brown in a final warning, said "unless any future federal subsidization of housing and of slum clearance is made conditional on the adoption of a local real estate tax policy that does not keep the cost of housing high and does not breed slums, such subsidiza-

tion will continue to be looked for in the future, always and forever at the expense of federal taxpayers."

"It's St. Louis in '66," says director Loral D. Swofford — the dates are July 20-24 for the Annual Conference of the Henry George School, and they've started swinging down there on the banks of Old Man River. If you're a Georgist camp follower you've visited the East Coast and the West Coast — make this your year for a midsummer, midcontinent festival in St. Looney...



(Continued from page 1)

principle more closely than does the income tax, contrary to popular opinion! The ordinary salaried man can hardly expect to avoid his full income tax burden — but many loopholes, legal and otherwise, are available to the rich man. For instance it is possible to have an annual income in the millions of dollars and not pay a cent in income tax if your income is derived from tax-free municipal bonds; and that is only the most rudimentary of the legal loopholes.

My point, then, is this: not only can we say that "ability to pay" has no standing as a moral principle, but as a matter of expediency, our tax follows that principle more closely than any other tax in force today. And we should be glad of this, too, because the land value tax would be highly impractical if it tried to tax where the money wasn't.

2) Our critics think that landowners will suffer if land value taxation is instituted. We shouldn't be on the defensive here, either, for most landowners derive the greater part of their income from wages and interest rather than from land rent. Un-tax the greater

part of their income and they are sure to benefit. Experience in Australia and New Zealand, and surveys in the United States, show that the great majority of homeowners would pay less under LVT than under the present real estate tax, and the same would be true for apartment house owners, office building owners and most factory owners. Empty-lot owners, slum owners and most store building owners would pay higher taxes, unless they improved their properties. But they would not have to incur these heavier taxes and certainly they should appreciate the advantage of living in a rationally-taxed society.

As landowners *per se*, they would of course find their taxes increased, but few people are landowners *per se*. Their financial interests lie elsewhere. Most landowning people will benefit, both individually and socially, from LVT. *And because we can promise most voters that the introduction of LVT will mean immediate tax reductions for them, our program is politically feasible, if we can ever get the bandwagon rolling.*

In articles to follow Professor Cord will explore further debatable aspects of Georgism.