

Applied Georgism: Think Big!

by Mason Gaffney

In studying recently the history of pro-LVT city and state officers, 1890-1930, I was reminded that they all focused on assessments — and their cities grew and prospered. An early one was Hazen S. Pingree, Mayor of Detroit, ca. 1890-96, and then Gov. of Mich., 1896-1901. Single-taxers like Joseph Dana Miller classed him as one of them, although Pingree had many causes. Pingree was practical, with a bias for action. As the new Mayor, he saw immediately that land was seriously underassessed, illegally, and he could correct it right then. He needed no legislation — just to enforce the law. Detroit — before the auto industry — quickly became the fastest-growing city in the United States. It was the growth of supplemental and “nursery” industries that attracted the auto industry, not the other way around. It was not low wages that attracted industry to Detroit. It had wage rates well above national levels, and that attracted people to Detroit. Pingree was both the rival and the mentor of Sam Jones in Toledo, and Tom Johnson in Cleveland.

A key figure was W.A. Somers, an appraiser and assessor, originally of St. Paul. He wrote the bible on practical methods of assessing land, and advised city assessors all over the northeast.

Practical, applied Georgism is a big subject. It has had big, momentous, visible results — not the least of them being the explosive growth of California, 1890-1986. Once we start thinking big, we are in the public dialogue in a major way.

Equally impressive is the decline of Detroit, during the greatest auto boom in history, after it forgot how to tax land values — sharply set off by the equally impressive growth of neighboring Southfield, under single-tax Mayor Jim Clarkson, 1964-70. Clarkson did it with reassessments, hiring Ted Gwartney, 1966-69. Then Clarkson was elevated (kicked upstairs?) to being a judge, the old gang of land holdouts took back over, and Southfield has stagnated ever since.

Rent-as-revenue works. Those that have eyes to see, let 'em see; those that have tongues to speak and fingers to process words, let's spread those words.

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But to return to the ground lost in Pittsburgh: Why doesn't LVT stick? Does it carry the seeds of its own destruction? Three reasons, historically, are noteworthy:

1) Population growth and prosperity attract a host of immigrants who “knew not Joseph,” and no one bothers to educate them to understand what causes the prosperity they came to share. After they are on board, they are eager to pull up the ladder. Witness Fairhope!

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2) The reform was hijacked by peripheral land speculators in the 1920s, who sucked on the tax base of healthy cities to subsidize urban sprawl. With the Great Depression, landowners seized on the troubles to promote state sales and income taxes to replace property taxes.

3) With WW II and the explosion of income tax rates, rent-collectors with second-hand buildings learned to tax-depreciate land value by passing it off as building value. The IRS lacks any mechanism to control this, relying on the local assessors' land/building split to verify what the taxpayer alleges. Assessors, or those who appoint them, are locally elected. You see the plot.

Alas, most active Georgists went into denial about all that, choosing to ignore federal taxation as a hopeless case (and even, in some cases, to persecute and malign those who sought to rub their noses in it). So most of our resources went into uphill trench warfare at the local level, ignoring the powerful tectonic force of federal tax bias that made the hill so steep.

Time to wake up and smell the coffee. GJ

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(continued from page 6) need for services. One only has to look at land around the airport to see how land benefits from government. One lot, purchased for \$87,000, sold for \$1.5 million when the airport expansion was announced. It resold for \$2.5 million when construction began, and again for \$4.6 million even before the new terminal had opened. It is one of many examples of how millions of dollars in windfalls to land followed government expenditures.

If one supposes there is no cost to the city for vacant lots, we must wonder whether the snow plow lifts its blade in front of a vacant property or goes back and scrapes twice if it is in front of a building that is particularly nice. Do fire departments not respond to fires in vacant lots, or respond slowly where the building values are low? On the contrary, anyone from the fire department (or the health department, the police department) will tell you without hesitation that their jobs are made far more difficult by vacant lots and properties with poor buildings.

The problem here is not just that Sabre got it wrong, but that Jim Roddey, Jake Haulk and others who are tied to this exercise in contract-patronage are circling the wagons to defend what was a fundamentally botched job, instead of demanding the kind of accountability we deserve from Sabre. As they do this, they attack a tax policy that has worked very well wherever it has been tried, so long as assessments were based on the land of *this* planet. GJ