

13th INTERNATIONAL CONFERENCE ON LAND VALUE TAXATION AND FREE TRADE

Douglas, Isle of Man, September 8 - 15, 1973



"Whatever way you throw it, it will stand." Such is the motto accompanying the curious three-legged emblem of the Isle of Man. During the Conference, V.G. Saldji referred to this motto and applied it to Land Value Taxation. No matter how you examine it, it stands - from the economic, ethical and practical points of view.

And much was heard on all these phases during this International Conference which was held at the Villiers Hotel in Douglas on the Isle of Man, the Irish Sea island that is approximately equidistant from England, Scotland and Ireland. This interesting and attractive island has its own Parliament (the House of Keys), its own language (Manx) and is a popular resort. Newspaper publicity was given to the Conference by the Isle of Man Examiner.

The Conference was attended by about 100 persons from the British Isles, the United States, Canada, Netherlands, Denmark and West Germany. As they assembled they were welcomed by Ashley Mitchell, the International Union's President, who averred that he was the only one present who had attended all the international conferences including the first one in Ronda, Spain in 1913. That was before the formation of the International Union for Land Value Taxation and Free Trade which took place ten years later in Oxford, England and sponsored all subsequent international conferences. Thus 1973 marks the 50th anniversary of the Union.

Highlights of Progress

On Sunday, September 9, Conference papers and discussions began with reports on Georgist work in various countries. Ashley Mitchell served as chairman. Among those reporting were the following:

V.H. Blundell told of the formation of ESSRA (Economic and Social Science Research Association) in London and the reorganization of the Henry George School as the School of Economic Studies of ESSRA. One advantage is the gaining of tax exemption for the School. The same educational program continues. In addition research projects are undertaken.

R.J. Rennie reported that a School of Economic Studies operates in Glasgow independent of the London School but using its materials. There is also a Scottish League for Land Value Taxation, the only surviving League of several in earlier days.

Ms. V.G. Peterson spoke of the work of the Robert Schalkenbach Foundation, the participation of the President, Perry Prentice, in numerous conferences, and the continuing work of TRED (Committee on Taxation, Resources and Economic Development).

J.J. Pot gave a report on work in the Netherlands, including the formation of Stichtings Grondvest (Land Trust Foundation which does a good deal of educational work; also efforts to convert the town fathers of Utrecht to the Georgist system. The periodical Ons Erfdeel (Our Heritage) is published regularly and edited by S. Sevenster.

Knud Tholstrup reported for Denmark saying that although the Justice Party no longer has members in Parliament, it continues its work.

Harry Pollard told of the work of the Henry George School in the Los Angeles area in conducting "min-courses" in classical political economy in high schools (which he demonstrated later in the Conference).

Ted Gwartney reviewed the Conference of the Henry George Schools held in Toronto in July, hosted by the School of Economic Science there. (Later during the Conference, Mr. Gwartney told of a special Toronto project, the Port Credit survey.)

Other reports submitted by persons who did not attend were: Stan Rubenstein, Acting Director of the New York Henry George School; John T. Tetley, on the New Jersey Henry George School and the recently formed Henry George Groups; Albert Toubeau of France; Remo Manni and Nenno Visconi on Italy; A.R. Hutchinson, Australia; and Betty Noble, New Zealand.

On Sunday evening a talk was given by Fred Harrison of England on "The History that Might Have Been." Mr. Harrison examined the history of Britain since 1800 with the problems that had arisen and speculated as to how things might have turned out if land value taxation had been applied. He said the future could be predicted, given sufficient data. In the discussion that followed some questioned this premise and pointed out that many unforeseen factors are introduced as time goes by making prediction more and more difficult.

Dr. Roy Douglas followed with "Adam Smith and Free Trade," enlivening his presentation with a showing of slides. Dr. Douglas said that Smith's Wealth of Nations gave the philosophic impetus which - together with prevailing conditions - led to the repeal of the Corn Laws in 1846, ushering in a half-century of free trade for Britain. Among the questions raised in discussion was, since free trade raises land values, should we promote it? Yes, said Dr. Douglas, because it is a good thing in itself; and at the same time we can point out its effects on rent.

Land Speculation and Taxation

On Monday papers relating to land and the economy were presented. Knud Tholstrup presented his thesis that land speculation is the cause of the inflation we are experiencing. Opposing the purely monetary explanation of inflation we are experiencing. Opposing the purely monetary explanation of inflation, Mr. Tholstrup maintained that land speculation creates an inflated land value. The money issued for this increased land cost is not backed by production and it is chiefly this that leads to the inflationary effect on the economy. Mr. Tholstrup buttressed his argument with examples from Denmark. Much discussion followed this talk and a further unscheduled session on the subject was held in the evening. (Robert Clancy chaired these two sessions.) No final consensus was reached but much interest was engendered.

In the afternoon there were discussions on land value as revenue (V.H. Blundell, chairman). First was Jack Irving, Chairman of Mec Vennin, the Manx National Party. He outlined the history of land on the Isle of Man where there is a tradition of common rights to land. He pointed out that problems of land use and development are today in the forefront. Two other members of the Manx Parliament were present, Sir Henry Sugden and Ted Ranson. Other Manx officials visited during the course of the Conference.

"Financing Local Government" was the talk by Frank Othick, Secretary of the Land Institute. He saw land values as a good basis for local revenue, providing a substantial source of revenue for needed services and working for the benefit of a great number of people. In the discussion questions were asked as to how these principles might move closer to adoption. Mr. Othick said there should be intelligent debate on reasonable alternatives, all arguments have to be answered, and the benefits of land value taxation to the majority of people must be brought out.

V.G. Saldji spoke on "Site-Value Rating Examined," a paper prepared by the United Committee for the Taxation of Land Values. Among the topics covered were the need for research, land value maps, the relation of land value taxation to administration and planning. The paper also dealt with capital versus annual value as a basis for rating and concluded in favor of annual rating. This engendered a good deal of discussion, some speaking in favor of capital value, i.e., the capitalized value of land or selling price, vs. annual value, e.e., the annual rental value of land, as the basis of taxation.

On Monday evening conferees were given a reception at the Villiers Hotel by the Mayor of Douglas.

Practical Application

Tuesday sessions consisted largely of talks by professionals in the field working at assessment and administrative aspects of land value taxation. V.G. Saldji served as chairman.

First was Hector Wilks of Mark Wilks and Co., Chartered Surveyors, who was involved with an experimental valuation of the land of Whitstable, Kent. A first survey was undertaken in 1963, reported by Mr. Saldji at the 1964 International Conference in New York. Making use of the lessons learned, a second valuation was undertaken this year with a small professional staff and a clear definition of the task to be undertaken. A complete valuation of Whitstable land was produced in short time. This provides a good basis for inducing other towns to undertake a valuation - an important task in Britain where there is no separate assessment of land and improvements. If it is to be done on a national scale there will have to be public availability of records on land registration, transactions, etc., which are now private.

Ted Gwartney reported on a valuation undertaken in Port Credit, Ontario by Mal McCarthy, Director of the Ontario School of Economic Science, and his associates. Port Credit is a diversified town having four major industries, a large harbor and commercial and residential properties. A block by block survey was made and a map was put together showing every property by number.

The values were then ascertained and compared with assessed values. It was found that true values were double assessed values. Most industrial properties had been assessed too low and residential properties high. 90% of the taxpayers would benefit by a switch to land value taxation.

Mr. Gwartney also reported on an assessment project with which he was directly concerned as City Assessor of Hartford, Connecticut. In his first year he put up assessments 25%. Then he determined upon a complete reassessment of the city at 100% of true value. To initiate this, it was tried out with an area of the city and worked well; then it was applied to the entire city. A computerized program has yielded complete information, eliminated errors, reduced clerical staff, made better assessments and provided a data bank. The maintenance of current property assessments, said Mr. Gwartney, shifts a greater portion of the property tax from buildings to land. He also stressed the importance of land value maps.

Another presentation on land value maps was given by Joseph Zashin of Tucson, Arizona. On his own initiative as a concerned citizen, he undertook a survey of his home county, Pima in Arizona, showing that assessed values were a fraction of true value. Mr. Zashin proposed a "Tax Map Plan," the creation of maps for cities and counties throughout the U.S. where data is readily available. City areas would be shown on a larger-scale map than rural areas. When completed, the map should be put on public display showing the current inequities and the way to reform.

Taking up the administrative theme, Ray Thomas spoke on "Planning and Land Values." Mr. Thomas, Acting Director of the New Towns Study Unit of the Open University, gave the background of the New Towns in the concept of more rational use of land for the public good. The price of land, however, has proved to be an inhibition to more rapid development. Mr. Thomas maintained that site value rating applied within the context of the British Planning System would improve the prospects of planning and would create common interests outside of as well as in the New Towns.

Continuing the planning theme, Peter Hudson (formerly a planning administrator in England and now living in the U.S.A.) spoke on "Administrative Implications of Site Value Rating." In the belief that planning and land value taxation can go together, Mr. Hudson showed how the two could co-exist in the areas of zoning, building permits, town planning, the rural-urban fringe, the preservation of open spaces and community development.

A solid day of discussion was capped by the showing in the evening of the film "One Way to Better Cities," produced by the Robert Schalkenbach Foundation and presented by Ms. Peterson. This film, giving a graphic argument for land value taxation, has been shown far and wide in the U.S. Much interest was shown and it was proposed that a similar film be produced for British use.

Broad Questions

Wednesday morning featured a panel, V.G. Saldji, Ted Gwartney and Peter Hudson (with R.J. Rennie as chairman), who answered questions from the audience on various aspects of land value taxation. There was continued discussion on

capital vs. annual value, the assessment of railroads and special property, the renewal of leases and long term leases, the effect on mortgages, and the Single Tax as a possible source of all government revenue.

Harry Pollard spoke on "Wider Implications of Land Value Taxation." Although we must discuss practical and administrative aspects, he said, we must not overlook the broader aspects. There is for example the "population question." We hear much about overpopulation, yet the whole population of the world could fit comfortably in the State of Texas. And it should be remembered that the raising of wages and the improvement of the general welfare is a basic aim of the Georgist philosophy.

For the afternoon a timely break from the more serious side was a coach trip to various beauty spots on the Isle of Man. The weather was fine for this outing and indeed it held up well for the whole Conference.

In the evening an illustrated talk was given by George Glover on "Hong Kong - City of Contrasts." Vivid color slides animated this presentation of Hong Kong which Mr. Glover thought was "the most exciting city in the world, a microcosm of humanity." All land in Hong Kong is crown land rented out on long term leases, and free trade is practiced there.

Land Tenure and Reform

Gustav Bohnsack from Hanover, West Germany spoke on Thursday morning on "Reform of Land Tenure in the Federal Republic of Germany." (Robert Clancy chaired the Thursday sessions.) Mr. Bohnsack had visited the 1959 International Conference in Hanover as a newspaper reporter, was converted in discussions with Erich Zincke and has attended every International Conference since. He has also been active in doing research and making reports to officials and at conferences in Germany on the subject of land value taxation. The land problem, he said, is now the Number One problem in Germany, together with pollution. Whereas the cost of living has doubled since 1960, land costs have gone up 10 times. Plans have been discussed with city officials for a betterment levy (a tax on increments in land value). We need a revaluation of land as a first step. Self-assessment should be used. The present Grundsteuer (land tax) plus a proposed betterment levy would be a model for land value taxation in West Germany. Prospects at present are small but growing. Some questions were asked on "self-assessment" and Mr. Bohnsack explained that most owners know the value of their property and this would be a good start but controls are needed.

Mr. Bohnsack was followed by Roy Douglas who spoke on "Land Reform in the British Isles." As with his talk on Adam Smith, he animated his program with a showing of slides. His approach was historical and he referred to the Irish land question and the work of Davitt, Parnell and Gladstone, as well as the influence of Henry George. The Liberal campaign in 1909 for the valuation of land was cited, also the later effort of Snowden in 1931. Since World War II the main even in the reform of land use was the Town and Country Planning Act. For the future, said Dr. Douglas, "let us try to understand both the wisdom and the errors of land reformers in the past." Problems of publicity and promotion were brought out in the discussion period. We need to develop the right slogans and we must avoid being linked to people with the wrong ideas.

The theme was presented from a slightly different point of view by Will Lissner (editor of the American Journal of Economics and Sociology) who spoke on "Offshore Sea Resource Development." Referring to the rapid development of exploration of ocean resources, Mr. Lissner cited fuel, food and water shortages that are spurring this development. But on-shore land speculators are profiting and our policy makers need to study how land value taxation can assure that future production from the sea will be for the common good. In discussion there was some disagreement as to whether there is really an "energy crisis," some claiming that we have plenty of resources and sources of power that are not efficiently used or are withheld from use.

Mr. Blundell then presented a paper sent by Rolland O'Regan of New Zealand who was not present, on "The Tax Base for Land Value Taxation." The subject of capital vs. annual value again was broached and Dr. O'Regan concluded in favor of capital value. In discussion it was pointed out that the land tax in New Zealand and Australia is insufficient to demonstrate the effects on capital value.

A special session was held on Thursday afternoon for short talks by persons who had not been included on the program. They were as follows: Stephen Martin (England) who advocated speaking out on the full Single Tax philosophy. William W. Newcomb (U.S.A.) who said he was participating in four nation-wide organizations in the U.S. with the aim of interesting them in land value taxation - Common Cause, Public Citizen, Inc., Tax Action Campaign and Separation of Church and State. Julian Hickok (U.S.A.) who raised the capital vs. annual value theme and showed how the existing machinery of taxation can be used by increasing the tax on capital value. Shirley Ann Hardy (England) who stressed the theme of health. William Farr (England) who said that justice is the basis of our movement; he also recited the amusing and widely used poem, "Uncivilized" by Edmund Vance Cooke.

An unscheduled and welcome appearance was put in by Perry Prentice, President of the Schalkenbach Foundation (and former editor of House and Home) who spoke Thursday afternoon. He said that things are getting so bad that something has to be done. All economists now agree that land should be taxed more heavily and buildings less. Our proposal is no longer an economic question but a political one - how are we to get it done? There is an enormous vested interest against it and we need to find answers that will overcome this.

In the evening Dr. Geoffrey W. Esty (former President of the New Jersey Henry George School) spoke on "Vietnam - an American Tragedy of Ignorance." A good deal of this tragedy could have been avoided, he said, if we had understood the land question and helped to introduce the kind of land reform that had been instituted in Taiwan. In discussion there was disagreement as to the merits of the Taiwan land reform. The "land to the tiller" program has multiplied owners, has given no security to the small holder, has resulted in the abandonment of farms for the cities and the reversion of holdings to large owners.

Mr. Zashin gave a brief talk on what it means to be a Georgist; it is more than a philosophy or economics, it is a study of morality, it is justice. The struggle against evil is an age-old one, he said; let us not be discouraged.

Promotional Efforts.

On Friday programs for promoting our movement were offered. Richard Grinham of London was chairman. Harry Pollard gave a demonstration of the course he presents in high schools on "The Classical Analysis of Political Economy." Students are divided into groups and given questions to work out. Then they are asked to defend their answers against the questions of the other groups. Students get involved and learn economic fundamentals. Several members of the audience expressed interest and stressed the importance of getting young people interested.

Robert Clancy told of the founding and work of the Henry George Institute, a membership organization devoted to the Georgist philosophy and based on a democratic management. He also spoke on "The Good News and the Bad News," reviewing current developments that are favorable and unfavorable to our philosophy.

John Kelly, member of the Tax Reform Committee and of the Greater Real Estate Board of Scranton, Pennsylvania, gave his ideas in the form of "A Letter to a Friend." Having failed to convince this friend (who was also on the Tax Reform Committee) of the merits of land value taxation, Mr. Kelly wrote him a long letter stressing the moral basis of the Georgist philosophy and concluded with the hope that the words "Free Land-Free Trade - Free Men will carry as much meaning for all men as it now does for me."

The final paper of the Conference was presented by Mr. Grinham in the absence of its author, F. McEachran, entitled "...Will Not Find Easy Acceptance." Mr. McEachran contrasted the success of Karl Marx with the neglect of Henry George. He said "the truth in Henry George is not so simple after all." It requires seeing two things at once - the individual value of wages and the social value of rent. There are many other difficulties standing in the way, such as thinking of economics in terms of money. Mr. McEachran said "all we can do as a minority is battle on" and he looked forward to the day when our philosophy will be heeded.

Mr. E. Hougaard of Denmark told the story of the warrior Thundershield who invaded a Swedish town and to give the impression he had a larger force he had his men march continuously, the front men ducking around and reappearing at the end of the column. Mr. Hougaard wondered if that was our own situation, as he sees the same faces at the Conferences. Others felt we were making progress and that there were many adherents who do not come to the conferences.

Following this session there was a meeting of members of the International Union. The Secretary's and the Treasurer's reports were presented and approved. Election of officers was held. Ashley Mitchell was unanimously re-elected as President. Others elected were V.H. Blundell, Secretary; Richard Grinham, Assistant General Secretary; V.G. Saldji, Treasurer; and Vice-Presidents for various countries (the list appears on page 9). In addition an Executive Committee was elected.

Mr. J.J. Pot of the Netherlands proposed that a new name be found for the International Union for Land Value Taxation and Free Trade. He argued that

the collection of rent and not the taxation of land values was the real aim of the Georgist philosophy. A committee was formed to study this question and to submit their findings to the next International Conference.

Proposals for the next International Conference included Denmark in 1976 and San Francisco in 1979.

A meeting of the Executive Committee followed and elected a Conference Arrangements Committee. Mr. Blundell was authorized to use, for specific publicity purposes, either the name International Union for Land Value Taxation or International Union for Free Trade. Mr. Clancy proposed a new journal to combine the efforts of the IU Newsletter and the HGI Journal which he agreed to edit. This was approved in principle, the details to be worked out by Messrs. Blundell and Clancy.

The Conference concluded Friday evening with a festive banquet followed by a social evening with entertainment and dancing, with Jack Cretney as toastmaster and master of ceremonies. All who planned and worked on this conference were commended for their good work.

Thus concluded a memorable gathering of Georgists from far and wide.

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CONFERENCE SIDELIGHTS

KNUD THOLSTRUP has composed a pamphlet entitled "Economic Liberalism" which offers a comprehensive program to restore freedom and equity to social and economic affairs. For copies, write to the author at 1 Vester Farimagsgade, DK 1648, Copenhagen V, Denmark.

TED GWARTNEY has given up his job as Assessor for Hartford, Connecticut and has taken an assignment in British Columbia, Canada where he will advise the province on land and assessment reform. Already arrived in British Columbia is Prof. Mason Gaffney who is heading a B.C. Institute for Economic Policy Analysis. With our other friends there, that will be a place to watch!

MANY FRIENDS went on to other travels after the Conference. Your editor visited friends in Aberdeen (the Frasers), Glasgow (the Rennies), Leeds (Harry Pollard and relatives) and London Headquarters (Vic Blundell and colleagues) and thanks them all for their hospitality. It will be interesting to hear from other travellers.

VICE PRESIDENTS of the International Union elected at the 1973 Conference include the following: Australia - Allan Hutchinson; Canada - Mary Rawson; Denmark - Dan Bjørner; England - Frank Dupuis; France - Albert Toubéau; West Germany - Gustav Bohnsack; Israel - D.B. Ascher; Italy - N. Pulvirenti; Korea - Archer Torrey; Netherlands - S. Sevenster; New Zealand - Rolland O'Regan; Norway - Ole Wang; Scotland - R.J. Rennie; South Africa - William Thompson; Spain - J. Paluzie-Borrell; Taiwan - Hengtse Tu; U.S.A. - Robert Clancy, Lancaster M. Greene, Perry Prentice; Wales - Edgar Buck.