

**The** International Union  
for Land Value  
Taxation and Free Trade held  
its 24th conference this May  
27-30 — exactly 91 years after

# MADRID

by Pat Aller

Georgists from all over the world met at a conference sponsored by the Spanish League for the Single Tax in Ronda, Spain, partly financed by industrialist Joseph Fels, who had supported major land value tax drives in the United States before World War I.

This conference was prepared by AEPERS (*Asociación Española para el Estudio del Regimen del Suelo y los Recursos Naturales*), under the direction of Fernando Scornik Gerstein, attorney and former advisor to the Argentine government. Although the number of Spanish Georgists was decimated during Spain's civil war, Scornik has helped to rebuild the movement there. He also attracted Argentine Georgists to the conference. More than 50 people attended, from Argentina, Australia, Canada, Denmark, England, France, Scotland, South Africa, Spain, and the United States. Speeches and discussions ranged from the pragmatic to the philosophic.



*Fernando Scornik Gerstein  
and Tatiana Roskoshnaya*

Scornik was delighted to welcome his Georgist colleagues to Spain after so many years. He believes a newsletter for Spanish and Latin American readers would have great effect, and stated that the Spanish Georgists need serious financial support. He criticized the almost complete lack of funds from existing Georgist organizations for the Madrid

conference. The Robert Schalkenbach Foundation contributed \$2,000 for simultaneous translation, a small fraction of the aid requested.

## The Global Picture

Alanna Hartzok, IU's main NGO representative to the United Nations, opened the sessions on 27 May with "The Need for an Earth Rights Democracy", an incisive examination of local, national and global socioeconomic issues. Jeff Smith (Forum on Geonomics founder/director), spoke on the history of speculation and corruption in America, including — now that government can no longer give them land — privileges and tariffs for the elite. Smith and Hartzok also reported on their pre-conference meeting with Professor Pedro Herrera Molina of the Spanish Ministry of Finance, and other department officials. They showed interest in the potential of land value taxation, and one went on to attend the conference.

The next day Scornik formally welcomed IU members, other Georgists, and visitors, and introduced Tatiana Roskoshnaya, UN-Habitat Inter-Regional Adviser on Eastern Europe and Economies in Transition, stationed in Nairobi, Kenya. (Later, during the IU business meetings, she was re-elected as President of the International Union)

Roskoshnaya led a panel on the global housing crisis. She recalled for the audience the UN Millennium Development Goals, which include reducing the number of people in extreme poverty, and reducing the number of slum dwellers by 100,000, by 2015. A project is underway in Nairobi, Kenya to provide housing for a giant slum from which landlords collect pure rent, because they provide no infrastructure. If residents get new housing, they're likely to sell it, further enriching landlords. Roskoshnaya and a colleague have introduced the idea of researching the land values in the slum.

Peter Gibb (chief executive, Henry George Foundation, UK) cited figures showing that housing costs have risen much faster than wages. Home ownership is out of reach of many middle-income and nearly all low-income people. At the same time, more high-income people own two homes. He foresees Japanese-style intergenerational mortgages unless the situation improves.

### Scottish Parliament Sends Greetings

*The Scottish Parliament sent the following message, signed by ten members of Scottish Green, Scottish Nationalist and Scottish Socialist Party groups in the Scottish Parliament:*

**We** send you our best wishes and support in your deliberations in Madrid this year. Some of us enjoyed and took part in your last conference in Edinburgh. Scotland is in the throes of releasing itself from the shackles of a historical inheritance of landed privilege. You will know that the Parliament has committed itself to "investigating the contribution land value taxation might make to the cultural, economic, environmental and democratic renaissance of Scotland." We believe that the private appropriation of the value of our common resources — such as land — is a privilege which can no longer be justified.

On a global scale, the failure to share equitably the value of our common birthrights can grow awful grievances, which bring terrible consequences, such as was visited upon your host city. Our sorrow rests with the heavy hearts of Madrid's citizens going about their daily business around you today.

But we must make practical changes to our social systems. We believe that the taxing of land values will be a key policy reform for the twenty-first century. Scotland must adopt it. We as Scottish Parliamentarians will be endeavouring to bring about this fundamentally just and badly needed reform.

## Russia

In the panel on housing, Roskoshnaya stated that in the former Soviet Union nations poverty is growing more quickly than anywhere else in the world, ranging from 20 to 80% of each nation's population. Galina Titova, UN consultant on water and fisheries, paints a dark picture of contemporary economic failure in "Twelve Years of Liberal Reforms in Russia." Titova blames perverse or ignorant economic legislation for the catastrophic decline in production and quality of life since 1990. "These laws," she wrote, "allowed new Russian oligarchs and transnational corporations to enrich themselves at the expense of [the community's] natural rent." Titova castigated both her fellow citizens and the International Monetary Fund and World Bank for policies of "shock" economics that enabled overnight privatization of Russia's natural resources, which, by rapid exploitation, became the source of the new export economy, cutting jobs in infrastructure and light industry and leading to higher poverty and death rates. It further damaged the economy by frightening prudent foreign investors, while adding Russian capital to the export list. She explained that the government's main functions now are to service the foreign debt and to protect the interests of large-scale business.

Titova noted that while Russia's economy spiraled downward, China adopted a "double track" method, taking into account its historic interests and cultural traditions, thus avoiding an economic collapse. China's GDP has increased each year, while Russia's has declined. Likewise, Poland



*Jeff Smith and Ole Lefmann*

avoided catastrophe by rejecting IMF advice. Titova called IMF/WB economics "bankrupt", citing Joseph Stiglitz, former World Bank economist, and five US Nobel Prize economists of the "Economic Transition Group" who opposed "shock" reform. Nevertheless, Russia's economy is still measured by IMF indicators, which ignore declining quality

of life, widening income gaps and environmental damage — while counting the huge profits in Russia's natural resource exploitation as positive.

Although President Vladimir Putin has promised rent socialization for many years, these hopes "will hardly be answered while monetarists are kept in the head of economics offices," Titova wrote. "Nothing is done to bring order to the use of nature and to create a single state system of natural wealth.... Without accomplishing this task, the forecast for Russia is dark...All successful [Russian] monarchs paid great attention to increase of

the efficiency of governmental control over use of both lands and other natural resources and their fiscal assessment. There is still no clear signal that V. Putin will follow them.”

## China

Scornik reported on the situation in China with regard to land tenure and public revenue. He said that when he met with the Chinese, they made it very clear that land will never be sold, using Hong Kong's leasing of land as an example. While he doubts they grasp the significance of rent, the government does realize that privatization is unnecessary. The nation owns much of the land, although there is some speculation. Leases of up to 70 years are available for defined uses, according to “The Legal Status of Land in China,” a compendium of laws which he distributed.

In summary, he said, “The right of use of land can be mortgaged and legally transferred, but... the land user... shall pay land-use tax in accordance with the Interim Regulations of the People's Republic of China on Land Use Taxation in Cities and Towns.” Scornik continued, “The Income Tax in China is low (about 15%) and there is a Business Tax of 5%. It is obvious that the People's Republic does not have a policy in the sense of making the rent of land the sole source of revenue. Nevertheless, the income coming from land, although we do not have precise figures, must be important enough to keep other taxes low.”

## South Africa

Peter Meakin (a trustee of the South African Constitutional Property Rights Foundation) described his organization's attempt to “restore both western and traditional property rights in the Republic.”

The organization's chief aim is “to bring about a change in South Africa's land tenure laws and practices, on the grounds that these contradict the constitutional rights to human dignity, equality and freedom....[Legislative measures to date have not provided poor South Africans with meaningful access to land. Furthermore, these measures fail to address the landless of this generation who fall outside of the net-of restitution, redistribution and tenure-reform, as well as those countless generations to come who will find themselves landless unless a holistic solution is found.... SACPRIF now wants to consider a legal challenge to the government's land reform programme, arguing that it is in violation of the Constitution of the Republic of South Africa, and that, therefore, the courts may appropriately intervene.”



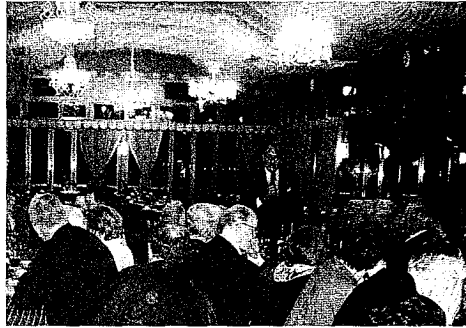
*Barbara in Madrid*

The Constitution provides that the state must take reasonable steps, within its resources, to foster conditions which enable citizens to gain access to land equitably. The Mineral and Petroleum Resources Development Act states that "Mineral and petroleum resources are the common heritage of all the people of South Africa..." Meakin explained that the new Constitution does not limit the right to land values, as some think, and added that LVT advocacy, including that of Fred Harrison, has had results. He closed with a plea for financial assistance to pursue the suit, which, if lost, will cause him and other Georgist backers serious loss.

## History of Georgism in Spain

On 29 May, Ana Maria Martin Uriz, Spanish philologist at the University of Madrid, discussed the history of the Georgist movement in Spain in the early 20th Century. This was excerpted from her longer introduction to *Progreso y Miseria* (Progress and Poverty), issued in 1985 by the Spanish government (after dictator Gen. Francisco Franco's death) as one of a series of "agrarian classics." The paper, in Spanish, is too important to summarize here. One hopes a translation of the paper will bring this heroic history to Georgists worldwide.

Her paper had four parts: Spanish history, creation of the Spanish League for the Single Tax, Georgist progress in Spain, and Georgism's tragic end there. At the beginning of the 20th century, Spain was an agrarian nation with a few wealthy people holding huge lands. Farm work was badly paid, and much land



*Fernando Scornik Gerstein speaks at the banquet*

was idle. Rising social consciousness led to Spanish translations of *Progress and Poverty* and various movements — agrarian, socialist, anarchist, regional, and separatist. The Spanish League for the Single Tax was created and published a review for ten years. The League's *La Ronda* meeting in 1913 (which the Franco government denied took place) brought many groups together, but differences, especially from those who espoused regionalism, separated them.

While the idea, but not the practice, of LVT made headway, and Georgists had some influence on the Second Republic, others were oppressed, even assassinated. When Franco came to power he executed Blas Infante, regionalist, imprisoned others (one died in prison), and exiled more. Those who went to Argentina helped revive interest in LVT there,

but others, in Spain and elsewhere, ceased writing and planning. [Even during Franco's regime, Spanish Georgists ordered books from the Robert Schalkenbach Foundation.] Scornik added that his father was among those exiled and that, while Georgists have always been oppressed, they were treated the worst by Spain.

### Problems of Introducing LVT

The practical problems of introducing land value taxation in their respective nations were discussed by Gibb, Saul Martinez (chair, *Provincias Unidas*, a socio-economic studies foundation in Argentina), and Karl Williams (editor, *Progress*, Australia).



Williams listed some Green party concerns about LVT, including possible financial strain on retirees, mortgage questions, belief that the income tax is fairer, and "the six o'clock swill." He explained the last by telling the story of old Australia, whose social contract included affordable housing, a living wage, tight credit, and no drinking after six. That made for a crowded bar as each jostled to get his before the bar closed. Today, without that contract, it's whatever the market will bear, and, Williams opined, "We have not a housing crisis but a property boom! A great way to run a casino, but not a society. A long way from the social contract."

Martinez was fired the day after he advocated LVT to defray the costs of one road. He called his nation "a laboratory demonstrating the development of Georgist ideas." Physiocrats influenced the Argentine revolution, and slavery and the sale of land were abolished in 1810-13, under Argentina's first president, Bernardo Rivadavia, whose ideas resembled those of George. Civil wars followed and the law was revoked in 1857. Since great plots of land had been acquired by individuals even before the revolution, this further legitimized land monopolies and speculation. Sporadic attempts have been made since to enact or apply LVT, but there has been no general success.

### Don't Drive in London!

Dave Wetzel recounted, "The Success of the London Congestion Charge and How It Relates to Land Value Taxation." At first, he said, even his own Labour party opposed the idea. The charge is £5 per day, Monday through Friday, 7 AM to 6 PM, on a car entering central London ("clean" or emergency vehicles, and those driven by disabled persons, are exempted). Now there are 15% fewer cars, 30% less congestion, and London's treasury

is £70 million richer each year. Those who don't pay are subject to accelerated fines. Despite this success, however, Wetzell is more concerned with land. "If we continue allowing 10% to control earth, expect a revolution!"

## The Geo-Confederacy

Fred Foldvary (Professor, Univ. California, Berkeley) proposed geo-confederacy in "The Solution to Territorial Conflict: Pay Rent." He related his remarks to land disputes between Israel and Palestine, India and Pakistan, factions in Northern Ireland, Bosnia and Kosovo, and those Basques who wish to separate from Spain.

*When two nations claim the same territory, and both claims have merit, partition may not sufficiently resolve the conflict... A better alternative is to make the land common property. Individuals could choose which nation to affiliate with, without having to move. The possession of land would be in the form of leaseholds which pay rent to a confederation of the nations.*



*Ana Parra and Hector Sandler*

*The rent reflects the benefit of the land and would compensate the others for the exclusive use of a site.... Without a global sharing of the natural land rent, the next best policy is for it to be shared by those in a country.... Where two countries dispute a portion of the land, a just solution is joint sovereignty as well as a provincial confederation. Both states would have equal sovereignty, and the residents would be free to decide which country to be a citizen of. The site holders would pay land rent to a legislature that is elected by all the residents.... Geo-confederacy offers freedom and equality of association and equal benefits from the land.*

## Argentinean Crisis: Its Roots

Hector Raúl Sandler (University of Buenos Aires professor of law and social philosophy and director, Institute of Economics Training) spoke on "Unveiling the Mystery: Roots of the Argentinean Crisis," dedicated "to my dear friend Bob Andelson." He pointed out that in Argentina, a large nation rich in natural resources, land monopoly has stifled efficient development. "The current legal system has transformed land into the base of any speculative business... instead of being at the disposal of work and investment of capital." Argentina's rich ranchers export beef, leather, grain and wool — and use their profits to acquire more land. As the proportion of poor people grew, Argentina had to borrow from the International Monetary Fund to pay for national and subnational services. Its debts ballooned, culminating in its recent defaults. Regardless of whether conser-

vatives or radicals governed, their policies ignored the effects of land speculation, land concentration, and escape of capital for development. Sandler concluded that “Argentineans should realize that land rent cannot be in private hands” because it is the natural basis for public revenue.

### **Marginalists, Land, and George**

Scornik spoke on “The Marginalists and the Special Status of Land as a Factor of Production: Herman-Heinrich Gossen, Friedrich von Wieser, Leon Walras and Vilfredo Pareto. He stressed their views on the special status of land, which were ignored by most Marxists (but not Marx) and most neoclassical economists, especially those of the Austrian school. While, he admitted that some of their ideas were confused, each of the four recognized the importance of land. “With this paper,” he said, “we expect to contribute, at least partially, to widen the vision of ideas of these four marginalists and to have proved that...the subject of land and natural resources was very specially considered, having in certain cases — as that of Walras — a central and unmoveable place in his proposals.” Scornik shows that for those cited, land was not simply a form of capital. Yet both georgist and neoclassical economists (albeit in different ways) underrate this aspect of marginalism.

### **Psychoanalysis, Mind, and Economics**

Timothy Glazier (author of works on philosophy and social justice) analyzed “Economics and the Modern Mind.” One reason people have trouble grasping George’s ideas, he feels, is that the human mind has altered over the millennia. In denying an archetype such as a bountiful earth, the shadows of fear of scarcity and of greed have appeared in hunter-turned-farmer and later changes in perception, and he cited Fred Harrison’s works on the matter. Alienation follows, resulting from dissociation from the real world. Glazier believes humanity is in its adolescence and can eventually improve.

### **The UN, IMF, WB, and Georgists**

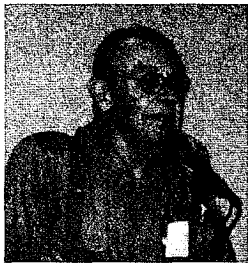
Roskoshnaya and Hartzok closed the conference, 30 May, with analyses of how LVT can be linked to UN, International Monetary Fund, and World Bank policies. In May 2003, The International Union was granted consultative status to UN’s Economic and Social Council (ECOSOC), raising its number of NGO representatives at the UN from 2 to 22, and greater Georgist impact on UN issues is anticipated.

Hartzok reiterated Stiglitz’s criticisms of the World Bank, citing six disastrous IMF/WB policies: 1) structural adjustment programs (SAPs), which increase poverty, 2) debt relief, especially to the (*continued on page 35*)



## Advice from Afar *(continued from page 40)*

I once gave a talk about taxation to a local service club. The mood of that time, as it is now, was to commiserate over how hard it is to collect enough to pay legitimate public expenses. I said that if I could be given total tax jurisdiction over just a few (say twenty) of the 576 square miles in our county, I could bring in enough to support all of the schools and roads and parks and libraries and fire protection and law enforcement at a level higher than they are presently supported, *and* leave the present occupants of those square miles with a better income than they are now getting. And it would not be done by virtue of depriving anyone else.



*Everett Gross*

How could I get more from less? I wouldn't. I would just simply quit getting less from more. **GJ**

## IU Conference in Madrid

*(continued from page 11)*

poorest nations, which is a sham, 3) the worsening of Russia's depression, the Asian financial crisis, and focus on banks' bailouts, 4) the rise of AIDS, part of the rural-to-urban migration, 5) the effects on women, especially as SAPs cut safety nets, and 6) depletion of natural resources, accelerated by dam building and land grabs, which she called corporate welfare for environmental destruction.

Roskoshnaya complained that the World Bank had intervened when Habitat attempted to promote LVT in the 1980s. Habitat now has a new Governing Council, with greater participation of Local Authorities. She urged Georgists to become involved with United Cities and Local Governments and to try to get LVT included in one of Habitat's two major drives, that for Secure Tenure. The World Bank is also studying LVT, she added, and Sweden, a chief Habitat donor, is interested. **GJ**

**With** countless natural resources, and an excellent population with high cultural development, it cannot seriously be said that Argentina has "economic problems," though most of its inhabitants do have them....What we suffer from is a bad legal structure of the fundamentals of social and public economy. All the individual and collective problems that bring despair to most of the population and collapse governments have their root in our legal order.... From this point of view, universities and higher education have a great responsibility and, in consequence, a great duty to perform.

— *Hector Raúl Sandler*