



Editor punches home need for land tax reform

NEW HAMPSHIRE editor Dick Noyes is teaching a computer all about land value taxation.

Mr. Noyes, pictured above, has been named by the state legislature's Speaker to serve on a committee which is investigating tax reform.

The Committee to Study Revenue Reform at All Levels of Government will report in May.

And the committee is making use of a privately-funded computer programme set up by a citizen group called the Center for New Hampshire's Future.

The leading options facing New Hampshire are a shift of the property tax on to land values, or the introduction of a five per cent income tax.

Up till now, New Hampshire has prided itself in being the only state to resist a general sales or income tax.

It relies more heavily than any other state on the property tax. And that, according to Mr. Noyes, is the reason why New Hampshire's economy is the strongest outside the sunbelt.

But there has been a growing demand for property tax relief.

Now Mr. Noyes, who is Deputy President of the International Union for Land Value Taxation and Free Trade, has pushed for a reform of the property tax.

He wants a state-administered one per cent tax on land values, the revenue from which would go back to cities and towns to equalise the burden of paying for schools.

And in a bid to re-shape the property tax, Mr. Noyes has been learning how to feed information into the computer.

A DATA bank, carrying facts and figures about towns and counties and the state itself, has been programmed into one of the main computers at the University of New Hampshire.

What is called a systems dynamics programme – designed to test the probable effects of new taxes through "if-then" calculations – has been structured to help the investigating committee.

Report by
JOHN GREEN

Mr. Noyes has punched in the basic arguments for land value taxation. And he told *Land & Liberty*:

"Initial projections show three things that I had predicted. If population continues to grow, real property tax rates will fall steadily through the century; land values will overtake building values as a factor in the tax base within about ten years; and unemployment will increase if population growth stalls."

And on the basis of what he's learned from the computer, Mr. Noyes says: "They are accurate, fast and stupid. They do exactly what they're told and keep doing it until told to stop! But they are here to stay and we have no choice but to live with them."

He thinks that they can help to reform the property tax if at least half the effort is spent teaching them as has already been spent in teaching people about land value taxation over the years.

MEXICO

Speculators caught in \$25bn trap

MEXICANS bought U.S. real estate worth \$30bn after the 1979 oil price boom.

But exchange controls imposed last August by the Mexican government, to cope with the financial crisis, has trapped many of the property owners.

For they still owe \$25bn on their purchases – but can't get the dollars to finance the deals.

Now the Mexican government has offered to buy the properties off them for pesos in the hope of selling them back to the U.S. for dollars, to increase the country's depleted foreign reserves.

The chairman of a congressional commission in Mexico City says that a law should be passed to stop the flow of Mexican capital into the U.S.

"We can't let this happen again," he said.

LAND TAX WITH A LONG HISTORY

● AN EIGHTH century Act relating to land taxation which is a quarter of a mile long is housed in the Palace of Westminster. It was recently unrolled – as far as possible – in the Royal Gallery of the House of Lords for the benefit of BBC TV cameras.

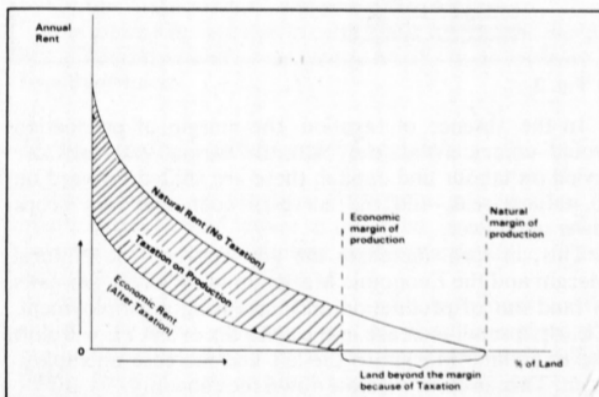
Doubled up!

● SUNNYVALE, a town in the centre of California's "Silicon Valley", was short of homes. So the council rezoned 131 acres of undeveloped industrial land for residential use. The price of land almost doubled to \$400,000 an acre.

From P.27

production by taxation. Apart from any other effect, it represents a loss of revenue to the State.

When land at the margin is no longer able to meet both increasing taxes and a return for wages and capital, speculators are able to obtain and hold this land for personal pleasure or against a future demand.



● Fig. 4

Speculation in land, as well as taxation, plays a major part in causing unemployment and the two interact. As the infrastructure improves and population grows, total production – and consequently the Natural Rent – increases. But, at the same time, the authorities incur an increasing debt, to finance the improvements demanded by the growing community.

If all land was fully utilised, however, the expansion of the infrastructure would increase the demand for labour. If all labour was fully employed, the Gross Domestic Product would also increase, followed by rises in the Natural Rent.

But the growth in Natural Rent immediately becomes an incentive to speculate in land. By withholding prime land from labour, an artificial scarcity is created, thereby prematurely inflating market prices of land. In this way speculation leads directly to unemployment. But it does not end there.

The Tax Collector normally receives very little, if any, of the increase in land values which speculation brings about, but he loses when production is suppressed.

Thus a minority of speculators thrive without contributing anything to the economy; it is a case of men being enriched without doing a stroke of work.

[TO BE CONTINUED]