

Henry George News

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Justice and prosperity through economic education

The Golden Key to the Mind of Professor Cord An Illuminating Interview

CH: How did you come to write *Henry George: Dreamer or Realist* and *Society at the Crossroads*?

SC: *Dreamer or Realist* was my doctoral thesis published by the University of Pennsylvania Press. My current book *The Golden Key to Continuing Prosperity* delves deeper. *Society at the Crossroads* proves an ethical standard - are ethical standards matters of personal opinion or can they actually be proven to be true? I think equal rights, for instance, can be proven to be true. But they require Land Value Taxation as a preliminary condition. In my current book, I bring the whole issue of Land Value Taxation [LVT] up-to-date.

CH: In the last 54 years you dedicated your professional life to understanding how taxes can help society rather than hurt society. Tell us about the findings in your last book, *The Golden Key To Continuing Prosperity*.

SC: Whenever I bring up this subject, it sounds too good to be true. It doesn't go by most people's logic. Their main complaint or drawback is: what to do about farmers? My answer is: Farmers were 2.6% of the work force in 1998, I got figures for

that. They are less now and many of them don't own any land. Many are hired hands, rent their land out and work off the farm. Actually farmers are wealthier and have more assets than the average person. You know, obesity is more of a problem than a lack of food. Besides, there is evidence in the book that farmers will actually benefit and pay less in taxes because farmland is very inexpensive.



CH: Professor Cord, tell us about your experience with the Two-Rate tax system in the cities of Pennsylvania where you did your years of research.

SC: I taught at Indiana University of Pennsylvania, near Pittsburgh, and visited various cities and induced them to adopt a higher tax rate on land assessments and a lower one on building assessments. In every case that I studied, 17 cases in all, these towns did better in the three year period after they adopted this switch than in the three years before.

Alan Hutchinson, a researcher from Australia, was doing the exact same thing but had the advantage of getting figures from the Australian Bureau of Statistics' Annual Manual - which is like our US Statistical Ab-

stract. When he was able to compare the cities that tax land values with their neighbors, both groups subjected to the same economic influences, in every case they did better! I have 237 empirical studies showing that this tax benefited economically every city that adopted it.

CH: How does it benefit these cities?

SC: If you tax land more, you require land to be used more efficiently. And if you don't tax buildings so much, you have more buildings. It is as easy as that.

CH: Tell us about your work for the Center of Incentive Taxation. You were heading this institution for how long?

SC: It was formed in 1980, the year that I started working there, and I retired in 1998 when Josh Vincent took over. He is the current president, doing the work that I was doing.

CH: What exactly were you doing as the President of the Center for the Study of Economics?

SC: I retired from teaching in 1985. Prior to that, I visited cities whenever I could. After 1985 I was working full time for the Center [to 1988], also the Henry George Foundation, and I had more time to visit more cities. I contacted cities about 75 times because some cities tax land the first time but then need to expand the rates a bit more a second, third, fourth time. I would need to

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Golden Key to the Mind of Professor Cord

visit them to get them to do it. There is a special way to get them to do it.

CH: What is the special way?

SC: You have to know two formulas. One formula is so simple that it hardly requires being called a formula and the other formula is quite simple too. 1. You have to consult the city's assessment register beforehand otherwise nothing will be done. 2. You can talk about how wonderful the land tax is but in November and December, all they're interested in is tax rates and raising enough revenue to meet their budgetary needs.

CH: What, in your opinion, are the chances to implement in Philadelphia some more of a land tax?

SC: Zero now! As long as Mayor Street is mayor, but he won't be mayor for long. And the person who follows might very well be Jonathan Saidel, a friend of Josh Vincent. He might very likely institute Land

Value Taxation (LVT) at that time and that would be in 2007.

CH: Tell us about the effect LVT would have on the environment?

SC: In *The Golden Key to Continuing Prosperity* there is a brief section about how LVT can help the environment. For example, there is money to be made by the landowner if he can break the zoning regulation but with LVT he won't make any money.

CH: The most common misunderstanding about the Georgist philosophy is that it is advocating an increase of the property tax. Why is that not true?

SC: What we want to do is to increase the land part of the property tax and decrease the building part. But people who hear our story for the first time mix land and buildings together. And they think of land only as agricultural land or maybe vacant land. Otherwise, land as such they don't think about - they overlook it! And thus they conflate it into build-

ings.

CH: Tell us about the term "Single Tax".

SC: Surprisingly, the Land Value Tax can become a Single Tax. I emphasize 'become' because currently there are no good statistics, one way or the other, to find out how much land values there are in the country and what the tax on these land values could be. I can't say 'yes' or 'no' to that question whether it could be a single tax but obviously it can become a Single Tax because the Land Value Tax requires an efficient use of land. It downs taxes, encourages what you do to the land productively and this increases the GNP. And GNP when it increases will increase land values. And when land values increase then GNP increases until the government will be swamped with revenue and this alone could fund a citizen's dividend adequately.

CH: Thank you for your remarks!