

Henry George News

Volume 59, Number 4

July - August 1995

21st International Conference in Denmark

July 22nd-
29th, 1995

Some 75 Georgists representing 15 countries met in the historic town of Roskilde, 45 minutes west of Copenhagen, to discuss ideas and recount actions taken toward universally legislating the reform described by the title of this conference: "The Missing Clause in the Bill of Rights: Land for the People"

Roskilde seemed the appropriate venue for this meeting in Denmark. A royal city and resting place of ancient kings, it celebrates its millennium in 1998. The Danish Constitution of 1849 was written here, and it was a stronghold of the Justice Party, which enacted far-reaching land value tax legislation as part of a coalition government in the 1950s. Today it is a charming city of 52,000 people, home to universities and research centers, and the site of many conferences.

The Georgists first gathered for a pleasant reception at the conference site, the Scandic Hotel, on Saturday evening and then visited one of Copenhagen's major attractions, the world famous Tivoli Gardens. On Sunday morning we saw some of the rich history of Roskilde at visits to a Danish church, where the service was conducted in English in honor of our presence, and to the centuries-old cathedral where the nation's Kings lie in repose.

Ole Lefmann opened the conference on Sunday afternoon on behalf of the Danish Henry George Society with a general welcome to the delegates. Bjorn Dahl, Deputy Mayor of Roskilde, extended the official welcome of the city and paid due respect to the Georgist history in Roskilde, stronghold of the Justice Party.

Five parties are represented on the 25-member City Council. The Mayor is a Social Democrat, and the Deputy Mayor is a member of the Liberal Party. Neither subscribe to the tenets of rent as public revenue to the exclusion of other taxes on wages and interest — although taxation currently eats up 67% of individual income.

However, the residue of the land tax still has some weight and obvious effect on the economy and the society. Taxes on land in Roskilde support three levels of government. A rate of 3.05% is levied for the city; 1% supports the region (county) and 2.35% goes to the federal government. This 6.4% levy is applied to full value assessment. The rates are lower in farming areas.

In addition, the annual land value increase on each parcel is taxed as imputed income to the titleholder in the administration of the national income tax. Although land speculation is not eliminated, this level of rent collection obviously *(continued on page four)*

Part I

by George Collins



IU President
Godfrey Dunkley

Continuing the (Evolving) Revolution *(continued from front page)*

was spotlighted, chaired by Chicago HGS Director Sam Venturella. Sunday the 2nd was our day to get acquainted with our host city, dubbed "Chicago Style." Monday the 3rd was devoted to "New Ideas and Methods" presided over by HGS-Chicago Board and Faculty member Chuck Metalitz.

The Philosophy of Freedom

After a hearty welcome from Evanston Mayor Lorraine Morton, who seemed much impressed with the social justice focus of our agenda, the conference got down to business with an address by Prof. Nicolaus Tideman on "The Ethics of Geo-Economics." Prof. Tideman believes that it is important to begin the formation of an ethical system based on the tenets of self-ownership (thus the unrestricted private ownership of the products of labor), and common property in the gifts of nature. They are the ground for such rights

as privacy, free speech and free association, as well as the community's right to safeguard the environment. In Tideman's view, they also have some slightly more controversial implications, such as society's right to "use market incentives directly to control population." Parents could be compelled to pay for the right to have children "because those children crowd people out." This proposition was hotly rebutted by many conferees, citing the synergistic potential of growing population, as well as the tremendous disparity in the amount of "crowding out" caused by poor children, compared to wealthy ones.

Prof. Tideman stressed, however, that the ethical principles he was developing depended on the adoption of the basic Geo-nomic principle of common property in land, and thus may seem inapplicable to current reality. In this vein, he concluded his talk by asking, "Among what group should the rent of land be shared?" and answering, "The whole world." Anything less would violate our common right to the gifts of nature.

HGS President Ed Dodson hosted a panel on "The Democratic Imperative." Rather than merely deliver a paper, Dodson made his views available (via electronic mail) in advance, and then engaged in a

panel discussion with respondents from other organizations. Declaring that his paper could not do more than introduce the variety of issues that are vital to the creation of "the just society," Ed invited all to participate in that task.

A remarkably diverse panel was on hand to take up Ed Dodson's challenge. Discussants included Don Torgeson, Director of United We Stand-Illinois, Joe Bast, President of the Heartland Institute, John Kelly, an Investment banker from Peoria, Illinois, and Eric Sandheusen, the midwest representative for the World Federalist Organization. Even if few minds were changed in the discussion, all became aware of corresponding concerns and shared frames-of-reference.

The panel served as an introduction between groups for whom democratic reform is a paramount concern.

Friday afternoon's panel focused on research efforts. Prof. Nic

Tideman, who has been creating a list of research objectives for Georgists, discussed the progress that has been made and the immediate need for more work in this area.

Dr. Michael Hudson followed with a lavishly illustrated presentation of the statistical work he has done in the last year as

Director of Research for the Henry George School. Working with the National Income Statistics, Dr. Hudson showed the various ways in which land rent is disguised, and made to appear a much smaller part of national income than it really is. His research shows that the majority of rental income from real estate is consumed by mortgage interest, generating very little active income for investors. Why are

they willing to invest in it? It can only be for capital gains, which are disproportionately (if not completely) due to land-value appreciation. According to Hudson, real estate owners use highly generous capital depreciation rules to hide their land value gains. This feature allows them to drastically reduce their tax liability and increase their net "capital" gain.

Although one of the goals of his research was to estimate the aggregate land rent in the U.S. economy, Hudson reported that the data needed to do that could not be found in the statistics that are currently available; it would have to be imputed, using relevant pieces of the available data to create

a model. Also absent from his figures are data on other forms of land monopoly, such as mineral holdings and various forms of air and broadcast rights, all of which would be necessary, Hudson cautioned, to form an accurate estimate of

the share of rent in today's economy. Hudson reiterated both the importance and the difficulty of his task. Those who collect and publish economic statistics simply do not use the definitions and the categories that are so vital to Georgists. If we are to make sense of the available data, he argued, then we must find the means to translate it into terms that illustrate, rather than obfuscate, the true distribution of wealth.

Finally Dr. Polly Cleveland, economist and Robert Schalkenbach Foundation Board Member, called for a return to the once-standard movement practice of creating land-value maps, to display the effect of real-estate machinations on the overall economy, and to provide a database for many research needs. This vital work, she pointed out, could be done with a very modest investment in equipment, and could make use of the data-gathering input of volunteers, such as HGS graduates.

Education for a Free Society

Methods of Georgist education, from the traditional to the cutting-edge, were the focus of Saturday's sessions. In the morning, HGS Executive Director George Collins chaired a panel on which representatives of the various Henry George Schools detailed a wide range of educational strategies. George Collins reported on the extensive adult-education program at the NY-HGS, and offered course materials developed there to all who wished to use them. Two other panelists were from New York. Michael Hudson discussed ways to upgrade the school's curriculum with specific research information. Lindy Davies outlined ways to use the internet to broaden our educational offerings, both as a publishing medium and as an interactive educational tool.

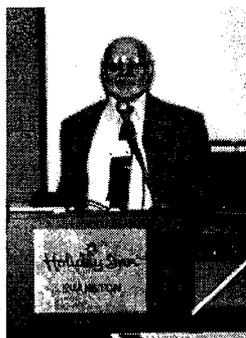
Although the adult-education approach is successful in *(continued on page six)*



John Fisher and Jeff Smith at the ECTV studio



Matt and Drew Harris



Sam Venturella

At the committee meeting, Jan Pott submitted his report and recommendation and a voluminous set of correspondence accumulated as chairman of the committee appointed to consider a change of name for the International Union for Land Value Taxation and Free Trade. A wide variety of suggestions for new names was received and Mr. Pott made a strong appeal for change. But in the end, the vote was to retain the name.



Tamara Chistyakova
and Tatyana Roskoshnaya

Tamara Chistyakova and Tatyana Roskoshnaya, founders of ECOGRAD in St. Petersburg, Russia have led a determined effort over the last three years to convince the Russian Government to base its emerging market economy on collection of land rent as public revenue with elimination of taxes on labor and capital. Substantial progress has been made at both national and local levels. Positive results for rental based revenue were obtained from a study conducted by ECOGRAD, in conjunction with the Ministry of Construction.

The study was carried out with the assistance of a team of Georgist experts, from Britain, the US and elsewhere, assembled by Fred Harrison. Its results have been included in legal documents dictating the functions, rights and duties dictated by a switch to land rent at the various levels of administration. At the national level, Fred Harrison and his team have been invited (along with the IMF and other experts) to participate in the group commissioned by the central government to draft the laws which will govern land relations in the free market economy.

Novgorod, one of the cities included in the study, has taken the necessary steps to obtain national government permission to make the switch to a land tax. Chief among them was the method of determining land rent in the absence of a land market. What has been devised is a system called the "site-rating charge," based on the zoned valuations already existing in Russia. Starting with the most desirable locations, adjustments were made to fix the relative value of every other land site. Estimations were made for more than 1,000 registered land users. The Mayor of Novgorod, Alexander Korsunov, stated his personal conviction that the only hope for a successful transition to a market economy is a land-based tax appropriately adapted to Russian conditions.



Alexander Korsunov

The Honorable Alhaji Shaibu Itimu, Minister of Lands and Valuation in the East Central African country of Malawi, delivered a spirited and encouraging outline of the Land Policy Review and Reform Program he proposes to initiate. Minister Itimu and his Chief Administrator, Davis Kachimanga came to the conference at the invitation of IU President Godfrey Dunkley. They had been delighted to find in his book, *That All May Live*, a prediction that their reform efforts had already confirmed: when increased taxes are proposed on their holdings, some large landholders will offer to give up land they were not using.

Originally, all land in Malawi was communally owned with the right of use for a family or individual granted by the Chief or Village Headman. But this right of use still permitted others to gather firewood, pick the products of wild growing trees or even graze livestock on what was left after a crop was harvested. The British arrived in the 1880s, acquiring lands in exchange for gifts and claiming them in freehold. Orders-in-Council proclaimed by the British extinguished customary claims over unoccupied land, issuing it on leasehold or freehold terms. Headmen and Chiefs subsequently took up the practice of granting exceedingly favorable leasehold and freehold concessions. The three classifications that emerged were crown lands, now regarded as Public land, claimed land, now Private land and Native Trusteeship land, now classified as Customary land.

Freehold private land constitutes a small percentage of the total, but it is concentrated largely in the most densely populated regions — and pays no taxes. A considerable amount of Customary land has been converted to leasehold, greatly expanding the number of large estates devoted to tobacco production. But on these estates, no more than one-fifth of the land is in use, and "tenant workers live and work under appalling conditions." The resulting land shortage had produced a problem of encroachment by the landless, called "land invasion," on all three categories of land.

The challenge faced by Minister Itimu and the new democratically elected government, the successor to decades of one-man rule, is to relieve the poverty and land hunger without abridging tenure rights which underlay investment and economic growth, or becoming so politically vulnerable that its nascent democracy is threatened. Minister Itimu and Davis Kachimanga came to the conference to learn more about the Georgist philosophy and practical requirements for implementing its remedy. But the government has already put forth eight major points for consideration in the development of a new land policy. They include proposals to increase land rent to encourage greater land utilization, induce leaseholders to give up land for redistribution, and encourage development of idle lands, especially those with absent landlords.

The midconference tour of Danish castles in Copenhagen revealed more of the grand and brutal past that formed the historical treasures of today. Among the places we visited was Elsinore Castle of Hamlet's fame.

Two special guests at the midconference banquet were Mrs. Viggo Starcke, the widow of the late Parliamentary head of the Justice Party and herself a former Member of Parliament, and Mrs. Knud Tholstrup, widow of the industrialist and leading Danish Georgist. Delightful after-dinner entertainment was provided by a Danish folkdancing troupe. Impromptu musical renditions were coaxed from Tamara Chistyakova, Russia, and Norman Slater, England, in a duet. Toni McDonald of Australia played the violin, and George Collins sang.

Ian Lambert of Grand Cayman put forward the provocative theory that real tyranny is masquerading under the facade of "rights-speak." Rights are supposed to be a bulwark against the state's encroachment on individual freedom, not a prescription for individual conduct. Today, rights are most often evoked in the attempt to correct wrongs. To do so, the state must impose duties on others. The right to a job, to decent housing, health care, welfare subsidies and the rest of a long litany that could be cited are justifications for taking from some and giving to others.

Socialism asserted these "rights" as a reaction to capitalism, but they began in the declaration of, and defense against, fundamental wrongs. "I am the law," says the putative King, "and all this territory belongs to me." There is no natural justification for this. The doctrine of "the divine right of kings" is an attempt to create such a natural justification — to create a vested right in an obvious wrong. Such claims require force to impose and positive law to enforce. "When talk of rights arises it is usually the assertion of landowners who want to keep the privilege of landownership without the burdens of service." Such was the origin, Mr. Lambert asserted, of the English Magna Carta. Similarly, the US Constitution and Bill of Rights was "an assertion by...the beneficiaries of expropriated land, that never was and never can be theirs, that all they want is 'to be left in peace.'"

Lambert concludes that there are only freedoms, duties and privileges. Freedoms do not have to be enacted or enforced — only recognized. Positive duties are obligations voluntarily undertaken, and negative duties simply consist in refraining from doing harm to others. Privileges are "the imposition of duties not voluntarily consented to and are therefore an injustice." (To be continued in our next issue.)



Hon. Alhaji Shaibu Itimu