

HGI JOURNAL

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LVT IS WORTH OUR EFFORTS

By Hon. ANDREW STEIN
New York State Assemblyman

(Address prepared by Mr. Stein for the Annual Dinner of the Henry George Institute in New York on June 15 and read by his counsel, James A. Kee.)

I appreciate your invitation to be here tonight with you, and to say with a loud voice - Henry George's time has come.

People are fed up with the current property tax and its burden on housing. Urban planners are fed up with the effects of the property tax, with urban sprawl, underutilization of land and growing slums.

Now I know many of you here tonight believe that land value taxation can cure everything... As for me, if land value taxation can be even a partial aid in the solution of the problems of our metropolitan areas, then it is well worth our efforts. But I believe that land value taxation can be more than just a partial aid.

Land value taxation encourages building and discourages holding land for speculation. It would stimulate construction of housing and the rebuilding of slum areas. Land value taxation would encourage the property owner to make improvements with-

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GUEST EDITORIAL

As Henry George once explained, he did not believe the Single Tax was a "panacea" but he did believe that freedom was, and that Single Tax was but the "taproot of freedom."

George explained his belief in man's natural right to freedom of "life, liberty and the pursuit of happiness" as stated in the Declaration of Independence. He fortified this idea by stating in the Introductory to Progress and Poverty that "all motion seeks the line of least resistance"; and he applied this axiom to man's endeavors to make a living.

Those who believe that man follows this course because he is lazy or greedy misjudge its fundamental truth.

As men grow more weary and discouraged trying to stave off poverty for themselves and their loved ones, they may resort to violence. When the rich turn to crimes of various kinds it is due to their ignorance, or their fear of losing their wealth.

On pages 462 and 463 of Progress and Poverty George strikes the keynote to his belief in the harmony that will lead on to a better world. He wrote: "Shortsighted is the philosophy which counts on selfishness as the master motive of human action. It is blind to facts of which the world is full. ... Give it what name you will; there is yet a force which overcomes and drives out selfishness; a force which is the electricity of the moral universe; a force beside which all others are weak."

I believe one's religious creed may be summed up on his aspiration for spiritual truth as shown by the way he treats people. "Be noble," said Emerson, "and the nobleness sleeping in others will rise to meet thine own."

-- Mabel L. Rees

STEIN (contd. from p. 1)

out worrying about the extra property tax such improvement would cause. Land value taxation would curb the growing speculation in raw land and prevent the land owner from receiving a windfall when he sells the property. Right now it would be cheaper for a land owner to hold land for speculation than to try to improve it. This tax policy must be changed.

How can we change property tax policy? We have to be realistic about such matters and realize that there are powerful forces whose interests lie in the status quo. I believe that the best course to follow is to start in New York City, to force a changeover from the current system to a heavier tax on land than on structures.

First the State must pass enabling legislation requiring the city to assess land at 100% of real value and to assess structures at less than 100%. I have prepared legislation to accomplish this purpose and will push for its enactment next year. Hopefully we will be able to avoid a constitutional amendment and can accomplish this enabling action through legislation alone.

Secondly, we must push the city to fully assess all land at 100% (land is now assessed at about 50-60% of real value on an average). At the same time all structures should be assessed at a rate of 50% of assessed value. Tax rates would have to be shifted accordingly, but the net effect of these changes would be for city land to be taxed a rate twice what structures are taxed.

I realize that this is not 100% land value taxation but feel that it is a step in the right direction and one that would be a big improvement over our current structure.

When my legislation is prefiled in November it will receive a bill number and referred to committee. I will keep you informed of developments, and hope that you will push this legislation during the next session of the legislature.

ABOUT RALPH NADER'S GROUP

In the June HGI JOURNAL it was noted that work has been done by various groups on behalf of the property tax which has been under attack. "Ralph Nader's group" was mentioned. This is the Tax Reform Research Group which publishes People & Taxes. The editor, Jonathan A. Rowe, writes to us as follows:

"We see much merit to the site-value tax, but we also hold very serious reservations. We would probably suggest a more limited use of the tax than most Georgists would propose. Thus in our testimony we suggested the Advisory Commission on Intergovernmental Relations 'explore the potential of a site-value tax.' ... We would greatly appreciate your clarifying our position in a future edition of the HGI JOURNAL."

We are glad to make the clarification. In our June issue we were for the moment making common cause with those who were defending the property tax, since its abolition would render impossible any reform of the tax in our direction - increase of the land value tax and decrease of the building tax. The Tax Reform Research Group has testified on behalf of the property tax in general, and is interested enough in land value taxation to urge a serious study but does not unqualifiedly endorse it. In its testimony the group said it is "a concept which has received substantial support but which has not yet taken hold."

HGI member William W. Newcomb visited the Tax Reform Research Group and reports that it is committed to opposing the Value Added Tax. Mr. Newcomb adds that Mr. Rowe urges all who are concerned to send information on matters of assessment abuses, unfair tax loads, and other matters pertaining to property taxes.

The publication People & Taxes (formerly Property Tax Newsletter) is recommended. Subscription is \$4 a year for individuals, \$6 for organizations. The address is P.O. Box 14198, Ben Franklin Station, Washington, D.C. 20044.

MESSAGES FROM NEW DIRECTORS

The three new members elected this year to the Board of Directors of the Henry George Institute are: James L. Busey, Professor of Political Science at the University of Colorado; J. Ted Gwartney, Assessor of the City of Hartford, Conn.; and Oscar B. Johannsen, President of the New Jersey Henry George School. Messages from these three follow.

OUR COMMON GOALS

By JAMES L. BUSEY

Though the Henry George Institute is quite new, it is growing rapidly. I shall bend every effort to help push forward this new effort in the interests of community collection of land values, removal of public charges on productive labor and capital, and freedom of trade.

I am interested in seeing that our views are adopted as public policy. To be specific, I want to see the time come when legislative bodies adopt specific measures along the lines that we espouse. To accomplish this, we need to make our views known among the general public. We need to do this through the journals and newspapers that the public reads, and in a manner which is interesting and relevant to public concerns. We must also make contact with the people who will make legislation possible - that is, members of local councils, state legislatures, and even the national Congress.

There are ways that we can accomplish these ends and be effective in the formulation of policy.

I am one of the Trustees of the Henry George Foundation of America. Well before I was honored by that post, the Foundation was already one of the more durable Georgist organizations in this country, and some significant Pennsylvania legislation may be attributed to our brethren in that state. It is very much my opinion that individualized, "uncoordinated" efforts

toward the same goal can produce a lot of imaginative devices and exciting results. Therefore, I will do whatever I can to help foster the success of both organizations. It is my hope that members of the Henry George Institute will throw their support to the Henry George Foundation and vice versa. I will do whatever possible to help foster the success of both organizations.

At the same time, I am prepared to help support all efforts at cooperation among genuinely dedicated Georgist organizations, insofar as such efforts will help and not hinder the realization of our common goals - that is, the adoption of Georgist measures as central features of the public policy of these states and this country and the world.

MANY OPPORTUNITIES

Since I have been in Hartford there have been many opportunities to discuss with various political organizations the merits of tax reform and an emphasis on land value taxation.

As Assessor in Hartford, we are completing the first city-wide revaluation of property in over ten years. Interest has been expressed in land value taxation by Hartford City Councilmen, the mayors of Wethersfield and West Hartford, Connecticut, the Connecticut Development Commission, Connecticut Council of Governments, the Hartford Planning Department, the Central Naugatuck Valley Regional Planning Agency and various others.

I have made talks or shown the film "One Way to Better Cities" to the assessors of the County of Orange, New York, to the New York State Board of Equalization, to the International Association of Assessing Officers' annual conference, to the Rhode Island Assessors Association and others.

I have written some articles which include, "Innovations to the Property Tax and its Administration"

and "Computer-Assisted Property Assessment Techniques: Practices in Hartford."

I have recently attended the Assessors Forum in Washington, D.C., discussing the challenge to the property tax and presented a paper to the Rhode Island Assessors Association on public school financing and the property tax.

THE REAL TARGET

By OSCAR B. JOHANNSSEN

With the increasing concern with tax reform, and the growing list of some version of land value taxation, it becomes important for Georgists not to be led astray but to keep their eyes on the real target.

The aim of Henry George and his followers is not to institute a better system of taxation so more funds can be squeezed out of the taxpayers to be wasted on dubious social reforms. The goal, instead, is to create conditions of freedom so that each individual can utilize his God-given talents to whatever extent he wishes so as to make his life a joy to himself as long as he does not interfere with the equal rights of others.

The collection of economic rent, whether by land value taxation, or by the auction method, is merely one of the most important means to accomplish this goal. Let us not forget there are also other important means which must be pursued, such as reducing the power of the Government.

To recapitulate: The goal: the greatest possible degree of freedom for the individual. The principal means: the collection of economic rent, and the reduction of the power of the state.

* * *

HGI member Carl F. Shaw has moved from West Point, N.Y. to Charleston, West Virginia, where he now works as an appraiser for the State Tax Commission.

LETTER-WRITING

Many members continue to write letters to editors and to officials. Letter-writing is one activity all can easily do, and we would like to encourage HGI members to do so. The influence can be great. A Letter-Writing Committee is in process of formation and members will hear further about it. Below are some letters from members to various publications that have been published.

New York Daily News (July 11, 1972)

New York City has raised its real estate tax. The bite falls most heavily on buildings, thus discouraging improvements and the construction of new houses. How much longer will it be before we take Henry George's advice: "If you want people to improve their property and to put up new homes, tax only the land values."

Robert Sage
Brooklyn, N.Y.

The Baltimore Sun (July 8, 1972)

In his letter of June 29, Jos. Recktenwald proposes a tax protest by all homeowners. To quote him verbatim, "There has to be a more equitable way for county pilferage, squandering and feather-bedding."

Perhaps there is a better way. Tax land at 8 per cent of its actual value and, ultimately, eliminate all taxes on buildings and equipment and incomes. This would apply to local, state and federal taxation.

Taxes on the production of labor and capital must eventually cease, or production will eventually cease. The assessed value of land is, usually, far less than its actual value; the speculative value (or asking price) is usually far higher than the actual value...

D. Jean Windsor
Baltimore, Md.

(Miss Windsor added references to the Bible and to Progress and Poverty in her original letter.)

I agree 100% that land should not be treated like the Greek Slave Girl (Free Mind, World, May 15). The only private property should be in things produced by man. Land was not produced by man. - God (Nature) created the land for all men. How can we assure to all men the co-equal right to the land?

There is a way. Collect the rental value of the land for the use of the community and exempting all products of labor from taxation, thus emphasizing the difference between land and buildings, which today is lumped together in the term Real Estate.

Roma Bianco
Brooklyn, N.Y.

Grand Rapids Press (Sept. 20, 1972)

Gov. Milliken and other state leaders would do well to re-examine their ideas on property taxation and its effect on housing construction and slum eradication.

Quoting from the Urban Land Institute: "There is hardly an urban problem today that is not aggravated by today's practice of undertaxing land and overtaxing improvements." In a conference reported by Nation's Cities magazine, the mayors of several large cities stated: Private enterprise must be able to assume without subsidy most of the costs of rebuilding our cities. It will be a lot easier to interest private capital in urban betterment if the local tax system is modified to encourage new construction and better land use, instead of, as is done now, penalizing improvements and subsidizing blight, slums and sprawl.

Why not encourage more and better housing with lighter taxes on improvements and discourage speculation and poor land use with heavier taxes on land values?

Peter J. Kos, D.C.
Grand Rapids, Mich.

New York Daily News (Aug. 17, 1972)

The News series on the property tax wrangle was very timely and informative. However, I can't agree that the emphasis should be shifted from the property tax to the sales and income tax. The solution is to replace the property tax with the "site value tax" based on land and excluding all improvements. This will not penalize people who improve their land. It will deter speculation and slow down urban sprawl.

Anthony J. Thomas
Queens, N.Y.

Miami Herald (June 13, 1972)

Richard Nenneman's Viewpoint article on tax loopholes (June 1) expresses justifiable concern that unwise tax "reforms" might substantially reduce the supply of risk capital. If we were to adopt the system of taxation recommended by Henry George in Progress and Poverty, not only would the tax burden be distributed far more equitably over the entire population, but all those who invest their savings in productive enterprises would be encouraged and rewarded with much more favorable tax treatment than they receive under our present system.

Bruno J. Eichert
Fort Lauderdale, Fla.

Grand Rapids Press (July 8, 1972) (excerpt)

The scandal that really should tear the ecologists is that most of the land in the national parks and state forests has private mineral rights separate from government ownership. These are tax shelters. One land speculating company owns in excess of \$30 million worth of land and reports only \$2 million to the State Department of Treasury.

Benjamin F. Smith
Ada, Mich.

Indiana Prairie Farmer (Jan. 15, 1972) (excerpt)

In all the talk about the economy, inflation, rising costs, etc., one rather strange fact is completely overlooked. It is common knowledge that the price of farm land has risen steadily since World War II, with very minor pauses - continuing to rise in spite of sluggish prices, and rising costs to the operating farmer...

The ultimate solution to our economic problem lies in attacking the cause of inflated land prices. This is the key to relieving the congestion of our cities, and at the same time helping to halt the desertion of our rural areas. The Golden Rule will truly work, if it is tried.

Woodrow W. Williams
Columbus Grove, Ohio

* * *

Members write to public officials as well. Emanuel Mandel of New York wrote to Congressman Edward I Koch about high land values, and received the following reply: "Land values are not the major obstacle to housing construction, although they are a factor. The major need is federal subsidies for low, moderate and middle income housing." Our legislators have a lot to learn!

Wilbur I. Pereira of Los Angeles had better results from his correspondence with California State Senator Albert S. Rodda who wrote: "Enclosed is a copy of a resolution, Senate Resolution 74, which I have introduced asking for a study of land value taxation... I hope that we are able to have an interim hearing to which we will invite the most competent economists on land value taxation in the United States. I share your concern and I believe that this is the direction in which we must go - shifting the property tax from structures to land."

Let's keep the letters going!

PROGRESS OF THE INSTITUTE

Members of the Institute participated in a meeting of the "Henry George Groups" in Arden and Wilmington, Delaware. Robert Clancy spoke on the work of the Institute. The meeting was called through the initiative of John T. Tetley, Director of the New Jersey Henry George School. HGI member Michael Curtis of Arden was host. The meeting was held over the Labor Day weekend.

Classes in Progress and Poverty have begun this Fall. One is held in the Herricks High School, New Hyde Park, N.Y., taught by Dr. Samuel Scheck. Another is held in the Public Library, Jackson Heights, N.Y., taught by William Lisanckie.

Another term of courses in Spanish has begun at the Xavier High School in New York City. There are three classes in Fundamental Economics (taught by Leo Paniagua, Edmundo Moya and F. Yenque); one in Applied Economics (taught by Diego Gonzalez) and one in Economic Science (taught by William A. Camargo). A tuition fee is charged, and Bolivar Rodriguez reports a remarkable enrollment of 75 in the Progress and Poverty course.

A members meeting was held October 5 at Freedom House, New York. Guest speaker was Oscar B. Johannsen, one of the Institute's new directors, and his subject was "The Money Muddle." Sydney Mayers was chairman. On-request, a copy of Mr. Johannsen's talk will be sent to you. (Also see his article in HGI JOURNAL No. 2.)

A visit to Greenwood Cemetery is planned for October 29. That date this year marks the 75th anniversary of Henry George's death. In Greenwood there stands a large and impressive monument to George.

Another members meeting will be held November 14 at Freedom House. Guest speaker will be Ray Pfortner on the controversial subject of "Zero Population Growth." Gilbert Herman will be chairman.

Correspondence courses are being developed and members will be advised when they are launched.