

# Land&Liberty

**communiqué**

putting people at the heart of economics

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## US Vermont free lunch landowners get \$33m dessert

Owners of almost 2m acres of land in Vermont saved nearly \$33m in local and state taxes in 2005, reports the *Barre Montpelier Times Argus*. As an incentive to preserve Vermont's rural nature, a tax programme is allowing land in the state to be taxed on its agricultural and forestry use-value. This generates lower tax bills for the owners than if properties were taxed at fair market value. The 'Current Use Program' offers landowners a valuation for tax purposes based on the economic productive value of land rather than a market-based assessment – the traditional 'highest and best' use of the land. A 2007 revaluation is catalysing more landowners across the state into joining up.

Landowners still enjoy rising capital values for their properties – what some commentators would call their 'free lunch'.

"Towns don't lose out," says Program chief Bill Snow "because the legislature makes up the difference." What Mr Snow seems to have left out, however, is how the legislature will make up the shortfall. Milton Friedman said there ain't no such thing as a free lunch (meaning someone has to pay): the landowners' lunch – as always – is being paid for by other taxpayers. Non-landowners are subsidising the lifestyles of Vermont landowners. The Program is a \$33m sweet dessert.

## UK politics Labour tax policy change in sight

Britain's Prime Minister to-be, Gordon Brown, may be positioning himself to pioneer a major shift in UK tax policy. Compass, a leading Labour think tank with links to current



Brownite ministers has published a report which sets out a new approach for UK taxation.

A *New Political Economy* calls for a lift in the total tax take from the present 40% to

50% of GDP – pursuing the Scandinavian model. But most significantly, the report argues for the replacement of the current local Council Tax – levied on the whole value of property – with a full-on land value tax.

The Compass report states that "in the longer term the aim should be to replace all property taxes (Council Tax, Business Rates, Stamp Duty) with a full annual land value tax levied on all owners of landed property".

The report sees the move as an "important component" of environmental taxation, about which there is "rising public understanding".

Mr Brown opened Compass's inaugural conference in 2004. The group's policy suggestions are expected to carry great weight as Brown lays out the course for his government. The tax shift could coincide with a 'democratic left' realignment of Labour.

Speaking to *The Guardian*, Jon Trickett, Compass chairman, said: "With Labour politics currently in a state of flux and the party leadership in transition, there is a legitimate opportunity to re-examine our economic policies based on core values of equity, fair distribution, efficiency, an improved quality of life and a sustainable use of resources."

## Australia land tax political football

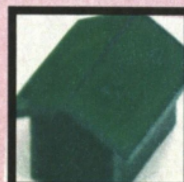
Land taxes are once again a political football in Australia. Kicking off the Liberal Party's campaign for the 24<sup>th</sup> March state election, New South Wales Opposition Leader Peter Debnam has promised to "fix NSW" by cutting land tax, reports *The Village Voice*. Some 130,000 families and small businesses would receive tax cuts under the AUSS\$400 million plan, to be funded by public sector cutbacks.

## South Africa the revolving door of reform

South Africa's land reform programme is going full steam ahead, according to Agriculture and Land Affairs minister Lulu Xingwana. The reforms are likely to include the re-introduction of a land tax, especially for multiple landowners, says *Business Brief*, a Johannesburg daily. It is only three years since the land tax was abolished in RSA. "The urgency of accelerating land reform demands that we adopt a multi-faceted strategy," Xingwana told *The Voice*.



**Petrol bump**  
Iraq and the global  
oil trade hiccup



**Renting privilege**  
The advantages we  
need to pay for



# breaking ground

## Making it up

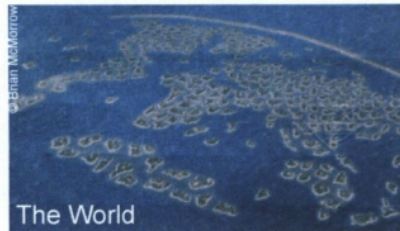
Well, they all say “they ain’t makin’ no more of it” – land, that is. But are you sure they’re not?

The World (capital ‘W’) is an archipelago of artificial islands shaped like the continents of the Earth. The World is under construction on the Persian Gulf, off the coast of Dubai.

According to *Wikipedia* “The World will consist of 250 to 300 smaller private artificial islands” shaped like individual countries. While no man is an island, now he *can* buy his country in the form of one. Individual islands in The World will range from five to twenty acres. The developers say the average price for an island will be about US\$25m. The first luxury home has already been completed.

*Wikipedia* reports the whole project will cost US\$1.8b. Someone somewhere is making more than US\$4.45b from The World – simply by ‘making it up’.

Of course what they’re actually ‘making up’ is not ‘land’. In any case, that’s not the important part of what’s happening. The key to what is being achieved is the establishment of a valuable legal boundary of exclusion, that previously did not exist. Any old contractor can manage the



subsequent ‘land reclamation’ – a simple technical affair of ‘improvement’ (such as the elevation of the dry surface level) to enable human day-to-day enjoyment of The World.

Reformers have a tendency to think in terms of what most people call ‘land’ – that is, ground. The World is a demonstration of why it is not ‘land’ – the firm stuff beneath our feet, or any ‘natural resources’ associated – *per se*, which is the issue. Rather, it is the humanly-established legal rights which, overlapping, pertain over various reaches and attach to various legal creations. The question is not ‘who owns the world?’ but, ‘what in any case do we allow ‘ownership’ to mean?’

The super-rich can live it up in The World. The rest of us need only the legal space in which to live.

## Academics round the world say ‘lvt’

Academics around the world are increasingly recognising the virtues of a tax on land values.

University of Missouri economics professor Dr Joe Haslag published in January a report for the St Louis-based Show Me Institute saying Kansas City should replace its earnings tax with a new tax on land. “A plot of land can’t be moved. It is inherently valuable because of where it is located. In that sense, it’s a fixed-quantity item. Economic theory strongly supports that you tax things that are inelastic,” he said to the *Kansas City Business Journal*.

At the same time, across the globe, Dr GS Bhalla, professor in the Dept. of Commerce and Business Management at Guru Nanak Dev University, Amritsar, was writing in the *Punjab Newslines* – “Taxing unearned income is preferable to taxing earned income” – proposing land value taxation as an element of a green tax

reform scheme. “The tax shift to resource use and community generated land values will distribute income more fairly without dependence on income and business taxation. Taxing unearned income and not earned income will reduce the rich-poor gap since the rich are always in a better position to capture unearned or windfall income by their ability to hold assets that they do not have to consume.”

Meanwhile, in Grenada, Glenroy Blanchette, PAM party candidate, rails against the Land & House Tax: “Owners of starter homes (Half-a-Hog Head) would be required to pay the tax based on the market value of their property. There are some starter houses that are located close to upscale neighbourhoods. The market value of these properties would certainly have increased because of their location not because of financial investments for repairs or upgrade.” [*and...? Ed*]

## letter from the editor

What defines and limits our *ability to pay*? The phrase has come to define a nexus of twenty-first century Western political discourse. It is the shield held up whenever swords cross over ‘property’ taxation.

We don’t try to go out of the pub with an unpaid bill, perhaps leaving a penny on the counter saying ‘sorry, not able to pay more’. If we tried this we should expect a knock on the door from the girls and boys in blue. Neither does ability to pay come into supermarket shopping: we understand we have to exercise discretion in the aisles, and put no more into our trolleys than we can afford.

Yet when it comes to ‘public goods’ our expectations of what we need to pay, for what we receive, seem to be different. We seem to feel free to enjoy privileged benefits from society and nature without qualms about having to pay for them. We seem happy to expect others to waive their equal rights to all that society makes available to us; and for them to pay the bill for us too. It wouldn’t work in the supermarket.

But the phrase is key in politics. From the left we might wonder who would dare seek oppose a tax proposal which met the test of ‘ability to pay’. From everywhere else, what political programme could be considered fair and worthy of support which failed that test? The ‘ability to pay’ has become the no. 1 clause of our social contract – the delimitation of the individual’s bond with the community.

We can all pay for the advantages we receive from society. Policy must not make exceptions of all us. If we are not in a position to use those advantages then our systems of taxation must allow us space to defer or elect to pass on our liability. *Ability to pay* must be debunked as an excuse. In the deepest sense we all have the ability to pay for what we take. To say this is not to disregard the real exceptions.

People who live in £1/4m homes and who do not earn a wage (all else being equal) do not lack ability to pay. They often lack *willingness* to pay – if not the audacity to dissemble. We all fail to confront the excuses. There are already private sector tools for creating revenue streams from property assets: the public sector needs a similar thing in its tax tool box. Ability should be assumed, indeed taken *a priori*: inability recognised for what it is – the exception – and one indeed to be assisted. *Inability to pay* must require an irrefutable demonstration of honest fact.

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# A killing in Iraq

Jon Mendel and Peter Gibb consider Iraq and the global oil trade

Writing in *The Independent* recently (7/1/07), Andrew Murray-Watson and Tim Webb have exposed clearer than ever how the West will "make a killing" on Iraqi oil wealth. They report that "Iraq's massive oil reserves, the third-largest in the world, are about to be thrown open for large-scale exploitation by Western oil companies."

A controversial new law will make sure the value of Iraq's natural resources can now be recaptured by the West's monopoly capitalists. The rents of the oil fields will largely be lost for Iraq's national reconstruction and indigenous enterprise.

The proposal is US government-sponsored. A draft of the new law has been seen by *The Independent on Sunday*. It would give the big Western oil companies, such as BP, Shell and Exxon advantageous "30-year contracts to extract Iraqi crude and allow the first large-scale operation of foreign oil interests in the country since the industry was nationalised in 1972."

Murray-Watson and Webb point out that "the huge potential prizes for Western firms will give ammunition to critics who say the Iraq war was fought for oil." In a hole in Iraq, the Bush administration still appears to be digging for oil. The idea that this was 'war for oil' has helped make the US-led invasion unpopular in Iraq; passing laws which appear to verify this, and are drafted by the US, will only stir up additional anger.

In a recent report with global perspective, commodities adviser *InvestmentU* describes seismic changes in the way world oil is now being traded. "Rapid economic expansion in Russia, India and, most importantly, China, has led the governments in these countries to review their traditional sources of oil, and to make substantial changes in the way they get it". In effect, as the world's reserves of crude draw down, the big users are turning their backs on the free market.

"In the past" according to the report, "the world has relied on an open marketplace to set the price of energy. For decades, the NYMEX [New York Mercantile Exchange] has been the epicenter of energy trade. But China and India, in cooperation with a key supplier, Russia, have turned the tables by making bilateral agreements to lock in long-term supplies at set prices, or by forming consortiums to guarantee supply".

Thus the emerging new global super-economies learn fast from their predecessors when it comes to loading the economic dice: end-of-an-era fear is breeding a new protectionism.

An increasing number of commentators are beginning to argue that the invasion of Iraq is the US's government's own way of pursuing the same ends – characterising the Iraq war as trade carried on by other means.

But for the national situation in Iraq there are a number of simple, relatively cheap measures that could quickly be taken to improve the functioning of Iraq's oil industry, and its public image. For example, one point emphasised by shocked interviewees on the BBC's recent *Baghdad Billions* documentary (Radio 4, 9/1/07) is that Iraqi oil is still not metered properly. Such basic measures should be taken before there's even a need to think of more complex moves such as long-term oil extraction deals.

There is also the issue of Iraqi 'sovereignty'. The state is currently nothing like a sovereign country in any conventional sense. In the midst of the current civil chaos it clearly lacks a monopoly of 'legitimate' force within its borders – in the Weberian sense. Elections held in Iraq

have, to put it mildly, been problematic, and the government is currently facing a number of violent challenges. If long-term deals are made under this Iraqi government, this could seriously limit the capacity of future governments to decide what to do with the state's resources – and thus further limit the capabilities of the Iraqi state.

One more positive solution which has been suggested for Iraq is to use revenue from Iraqi oil to pay a 'resource dividend' to the Iraqi people – similar to the situation in Alaska. This idea has been advanced by among others Ariel Cohen for The Heritage Foundation and Thomas Palley for Foreign Policy in Focus. Each Iraqi citizen would be given a regular payment drawn from Iraqi oil sales. This proposal could have several benefits:

- it would provide extra income to Iraqi citizens, and boost the economy and help ameliorate poverty.
- if Iraqis knew that they would benefit from oil revenues in a way that was clear and direct, attacks on oil infrastructure would become less popular, and calls for transparency and anti-corruption measures would be likely to become more insistent.
- it would leave control of and income from oil in the hands of Iraqi citizens. There would be benefits from this in the short term and, if Iraq became more stable and decided to change the way oil is handled in the longer term, the Iraqis would be in a much better position to negotiate their terms with the oil companies. **L&L**

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fresh thinking

# The rent of privileges

A privilege is the granting by government of an advantage to a third party. Privileges take many forms: concessions, authorisations, licences, patents, titles, exclusive rights and monopolies. Such grants enjoy the protection of government, without which privileges cannot exist. The privilege holder may call upon society's physical power of enforcement for assistance in the maintenance of their privilege.

Privileges have value. They provide advantages to those who hold the privilege. Those advantages could be considered to have a rental value in the same way as does the exclusive right to the use of land. The annual value of the yielded advantages could be called the market-determined rent of the privilege. The capitalised amount of the rent of the privilege would determine its market price.

One category of privileges consists of those given because of the need for regulation of certain activities. These include exclusive rights to the use of – or trade in – natural resources, unique constructions, dangerous products and services, the supply and circulation of money, and the exertion of physical power.

The existence of such privileges may benefit some people. But at the same time they restrict other people's activities. Because of this, most people dislike other people's privileges; whereas they would like to enjoy privileges that benefit their own interests. We can see that in competition, privileges give their holders advantages over the non-privilege holders.

Privileges of this sort should be allowed to exist only if they are subject to specified conditions. The principal of these conditions should be payment to the public purse of the annual market-determined rent of the privilege: but there should be others. Privileges which are impractical to rent might continue to exist but only as public monopolies.

Another category of arrangements might be called privileges, but are in fact rewards. These privileges might be given in return for services to the community, and should be looked upon as wages. In most existing tax systems these

In the first of a series of articles, Ole Lefman sets out to identify some of the privileges commonly found in Western societies, and considers what we should do about them

## to exert physical power in the social realm

such as

- police and guard forces (law & order, civil emergency)
- emergency preparedness for natural catastrophes (fire, storm, earthquake, flooding).

## to carry out works involving public hazard

such as

- utility installations (gas, electricity, water)
- erecting, modifying and taking down large buildings, structures and scaffoldings.

privileges burden the taxpayer; but they should be defrayed by the revenue of publicly collected rent of land and other privileges. Governments may feel tempted to give to veterans, public servants, or others, rewards for their services. Such practices save the expenses of the government in power; but it burdens incoming governments and should be abandoned.

Privileges should be granted only for a short period. They should never endure longer than the lifetime of the original privilege holder. If they are transferred to another person they should always be conditional on the payment to the community of the rent.

In the case that the government wants to terminate a recently granted privilege before the day fixed for termination, full compensation for the loss of due benefits should be paid (but never beyond the lifetime of the original holder of the privilege), in the same way as any other public expropriation.

A further category of privileges is intellectual property rights. These are intended to protect the creator's rights to ideas. They protect the rights of inventors, composers, writers, designers, artists, and others to the value of their works – their inventions, compositions, writing, designs, art, and so on. They might be looked upon as rewards for bringing into existence their inventions. Intellectual property rights should not be given simply for being the first to apply for a patent over established knowledge, practice or use.

Privileges should be granted only to individuals; they should not be given to 'legal persons' – companies, institutions or other organisations or entities.

All privileges – including the exclusive rights to use a site of land – share the following features:



# fresh thinking

## SOME EVERYDAY PRIVILEGES

a privilege can grant  
exclusive rights

### to use natural resources

such as

- land (for residence, leisure, recreation, comfort, commercial, or any other use)
- areas at and below sea level (fishing, farming and hunting places, and resource extraction areas)
- streaming, floating and falling water (for power and irrigation, and for transport of people and goods)
- orbital space positions (for research, and for collection or transmission of information)
- electronic waves (for transmission of information)
- scarce natural resources from soil, sea or space (asteroid occurrences).

### to trade in certain products

such as

- nuclear products
- drugs, medicine, narcotics
- poison, pesticides and fertilizers
- explosives and weapons.

### to use a unique construction on public domain that cannot or will not be duplicated and therefore functions economically in the way scarce natural occurrences do

such as

- cables, wires, pipes and conduits passing through public domain (for instance for the transport of water, fuel, energy or information)
- roads, rails, tracks, bridges, tunnels, cables, and canals (for public transport of people and goods)
- watermills, locks, dams, and water storage facilities
- big power plants (hydro, nuclear, fossil fuel, renewables)
- transportation terminals and interchanges (airports, stations)
- air corridors and sea lanes (for transport of people and goods).

### to trade in certain services

such as

- commercial transport of passengers
- medical and chiropractic treatment
- lotteries, casinos, betting
- public serving of intoxicating drinks and drugs
- cremation and burying of corpses
- exhaustion, letting out, or burying of polluting materials
- disposal and incineration of refuse and waste materials
- coining, printing and emission of money, and putting money into circulation.

### to use up, pollute or destroy natural resources

such as

- deposits of raw materials, soil, air, water, silence, sunshine, darkness.

- they cannot exist without the government's acceptance and protection.
- they take what they are able to take but cannot take more than the market determines – less is left as wages and interest to the active producers.
- they 'eat from each other': what one takes more of, the others are left with less of. When the volume of privileges grows, the rent the landowners are able to pick up shrinks.

Titles to land usually provide for the landholder's values-in-use and values-in-exchange. Other exclusive rights – beyond exclusive rights to use landed properties – usually provide for their holders another advantage: the ability to claim extra profits – the privilege profits – raising the price they would have been able to charge for the goods or services they deliver to their customers, had they not held the privilege.

The classical economists pointed out that the returns of all productive activity is shared as the wages to labour, the interest (of productive investments) to capital, and the rent of land. The rent of privileges is an element of the last of these. **L&L**

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## The consistent truth

Ed Dodson places Fred Harrison's latest work in the context of a long and noble struggle

Although there is consistent truth in the statement, 'history is written by the victors,' the voices of critics now and again emerge from the wilderness. In two instances, those of Thomas Paine and Henry George, the path they chose was journalism. Their writings ignited the moral conscience of people from all walks of life. What made their contributions extraordinary was the pursuit of truth without regard to what might happen to them in their own lives.

With his most recent book, *Ricardo's Law*, journalist Fred Harrison adds his voice to the moral crusade to which Paine and George devoted themselves. He does so with the advantage of an even deeper historical perspective. Paine's efforts helped to secure the future of republican governance and democratic processes. George and his supporters formed the *Progressive* vanguard fighting for an end to monopoly privilege: tragically, they failed. Harrison describes the injustices that so troubled Paine and George, and provides a 'take no prisoners' analysis of the subsequent failed efforts by central planners and so-called *free market* proponents to solve the problems of wealth concentration and generational poverty.

Harrison resurrects *the land question* in *Ricardo's Law* as the most important societal issue yet to be addressed. For a long time now, the safety valve of empty lands to which the landless could migrate has been closed. Armed with the data produced by government and other experts, Harrison's analysis challenges a long list of conventional wisdoms.

**So how does the land question affect you today? It depends on whether you are a homeowner, a privileged member of the new urban landed class – or a renter or would-be 'first-time-buyer' excluded from owning your own home by the iniquitous present system. The land question is *the* societal question.**

Paine had joined the best of his age's moral philosophers in calling for the public collection of 'ground rents' to cover the costs of government and provide an income supplement to many citizens. Henry George described how market dynamics determine the amount of ground rents available for public collection. Harrison agrees, writing: "The theory of land rent provides the single most illuminating way to track the dynamics of the enterprise economy." Acting on this knowledge, however, requires

a degree of moral integrity few of the world's political leaders display. His challenge to them is direct: "They bear personal responsibility for the expectations they create when they seek power."

The British people secured through long struggle only the form and not the substance of democracy. Landed privilege was firmly established by Magna Carta and has never lost its grip on the people of Britain, who must still produce wealth in order to satisfy the demands of those who control the nation's landed assets. This has been accomplished by what Harrison describes as a complex "social process" that "survives by co-opting people into exploiting themselves." Despite periods when political power was wrestled from conservatism, only the appearance of reform occurred. In the process, writes Harrison, "the intellectual landscape has been so distorted that rational people are co-opted into abusing their welfare." Faith in experts, in the professionals, to come up with measures to solve societal problems has replaced citizenship.

With this as his perspective, Harrison goes on to detail what he calls "the tax clawback scam" that perpetrates ongoing injustice to Britain's wealth producers to the benefit of the landed. This continues to occur, in part, because those with great personal wealth disproportionately influence government policies and programs. They are aided by experts guided by "a one-dimensional model of income distribution" that fails to "explain how income on the bottom rungs is transmitted to the top." Reform (ie,

just law) will come only when the public "fully comprehend[s] the forces ... at work." This understanding, Harrison asserts, is to be found in "the economic logic of Ricardo's Law."

Ricardo described what he saw operating in the real world. Harrison does this as well, from the perspective of the moral philosopher as historian and economic analyst. Harrison resurrects *rent* as "a surplus" – as "what is left after paying people's wages and the costs of using capital equipment, the raw material and all the other inputs of an

enterprise." For the producer (or, more accurately, the potential producer), rent is what "an enterprise (or an individual) can hand over for the use of land." That is, hand over and still remain in business or subsist.

Harrison's message is that *rent* is a societal fund, not individual property. "Rent is the price we pay to participate as paid-up members of civilisation," declares Harrison. Yet, this principle was systematically removed from our code of moral principles by generations of powerful, landed interests. By reintroducing Ricardo's Law to a modern audience, Harrison offers a clear explanation of how entrenched privilege guarantees that many among us have no opportunity to reach their full potential as human beings. Harrison's solution is similarly straightforward: "The lesson is this. Ricardo's Law delivers the best results when people locate their behavior in a code of practice that secures their freedoms. This means that rent should be made available to the community through a market-based pricing mechanism that is efficient, one that does not deprive people of their earnings, and which requires everyone to pay their way in life."

So ingrained into conventional wisdom is the idea that the state must counter market tendencies with poverty-mitigation programs and policies, that Harrison has devoted a considerable portion of *Ricardo's Law* to an explanation of why this approach has not and cannot work. He provides extensive data from government and other sources to make his case. His tale is one of betrayal and of lost equality of opportunity, of the lost promise of democracy: "People thought that, when the property qualification attached to the right to vote was abolished, democracy would unite the nation. In fact, it has been appropriated as a device to legitimate the continued disuniting of the population between taxpayers and the owners whose land captures the windfall gains."

Land hunger drove millions of people to make the dangerous passage across the oceans to the Americas. Over the course of three centuries, those who came from the Old World gradually displaced or decimated the tribal societies of *First Americans* who occupied the continent for thousands of years. Such a huge, and



# the L&L essay

resource-rich continent provided the oppressive Old World regimes with a safety-valve, or what Harrison describes as “a continental-wide bolthole to freedom.” At least for a time. “When the land ran out in the 1890s,” writes Harrison,

nation’s state of happiness did not improve alongside the aggregate increase in material prosperity. Why? Was this not offensive to the constitution of America?”

to replace taxation of the goods we produce and the services we provide to one another. Not only is this just, argues Harrison, but achieves the highest level of economic efficiency. Given the state of the world, urgency would seem to demand immediate

Like all scams The Tax Clawback Scam is deadly simple, and utterly invisible until it’s shown to you — here it is: we all (more or less ‘progressively’) pay our taxes; the public infrastructure and services that this enables profit our communities, in the fullest sense; in economic terms, this profit turns up in locational land values, in the private hands of homeowners and other property owners; homeowners — the wealthy end of society — receive unearned capital gains which occur as a result of the investment of society, and on sale they can turn these back into cash — it’s literally the value of the taxes they paid, clawed back by them. But households who rent — the poor end of society — get no clawback, get no cash back. (Land value gains in this sector are grabbed by private landlords or lie as capital assets on the balance sheets of ‘social landlords’.) So homeowners get their public services for free. The poor pay for all of us. Would you say this is just? In the end The Tax Clawback Scam makes losers of us all.

“the land of plenty turned into a hell of poverty.” The poverty that plagued the Old World had arisen with an equal vengeance in the New World cities established by the descendants of the first Old World migrants. Of course, the land did not actually “run out” in a literal sense; the commons (i.e., the public domain) was given away to the railroads, to politicians and their close friends, to land speculators, and to settlers. The process began even before the United States had a written Constitution. Territory needed to be occupied, surveyed, subdued and subjected to governance — as quickly as this could be accomplished. Sales of public lands allowed the Federal government to keep taxes on US citizens — on commerce and on landholdings — low, at least until the crisis of the 1860s brought on the enormous costs of civil war. From this point on, the Federal government was constantly in search of additional sources of revenue. And, of course, the wealthy utilised all their influence over the political process to ensure the burden of taxation would be felt most deeply by others.

Harrison did not have the space in *Ricardo’s Law* to explore US economic and social history. He reviews key indicators of individual well-being, comparing conditions in the US with those in Britain and elsewhere to show that the *American System* has failed an even larger percentage of the current population than is the case in the other social democracies. Moreover, under law and policies the depth of failure is increasing at an increasing rate. He asks Americans to examine the fundamental values on which our society exists: “In the 1960s, something started to go seriously wrong. The

One can argue that the beginnings of the problems occurred much earlier. Even during times of near full employment (for example when millions of people were engaged in the production of war goods or directly ‘employed’ by the military), millions of families remained impoverished. What went wrong in the 1960s, in part, was the acceptance of ongoing borrowing from the wealthy in lieu of asking them to contribute proportionately to the costs of public spending. The changes in tax law advanced by the Bush administration and legislated by a Republican majority Congress have orchestrated the largest transfer of tax burden in US history, while pulling the Federal government debt to a level that would cause panic in any other nation in the world. The new Congress (and, in 2008, a new Presidential administration) will be faced with the challenge of how to respond. As Harrison reminds Americans: “... if the US government wishes to balance its books by 2040, on present policies it must either cut total federal spending by 60% or raise federal taxes by 200%.”

Harrison takes pains to note these are not his predictions but those stated by David M Walter, head of the US Government Accountability Office. Walter’s alarm has not fallen on deaf ears, but it remains to be seen what, if any, measures the incoming Congress will take to prevent collapse of the US financial system and economy. Harrison calls for what many will think radical. “Justice does not come in half measures,” he writes. “Either we want it, or we don’t.” And, what has been resisted for so long are measures that achieve justice in the realm of property.

In essence, the public collection of *rent* ought

change. Harrison is a bit less demanding: “I am not arguing for the abolition of all taxes tomorrow. A few may be retained, but they need to be renegotiated. The rules regulating their use need to be carefully framed to rebalance the distribution of power between the individual, civil society and the state.

“Tax reform is necessary because the state converts much of its revenue into an asset that is handed over to those who have financial claims to land (these include banks and mortgage institutions). If we are to abolish this inequity, people themselves must initiate the action that leads to the democratisation of their public finances. They need to specify what, precisely, they regard as ‘the common good’, and how this can be delivered.”

And, here, Harrison leaves us. He has issued a powerful salvo. His voice must be joined by others who read his words and reach the same conclusions. Privilege is a powerful enemy strengthened by ignorance and despair. We shall see if *Ricardo’s Law* provides the spark to re-light the torch of liberty carried by Paine, then lifted high by Henry George, only to fall to the ground where it has rested for far too long.

When will this consistent truth itself be written by the victors? **L&L**

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HENRY GEORGE  
FOUNDATION

# Tools for the land

## Alanna Hartzok looks back at what led up to the UN Habitat's GLTN Land Value Capture Project

In 1980 I was introduced to the world of United Nations NGOs by Dr Lucile Green and I later suggested to the International Union for Land Value Taxation that they apply for official UN NGO status. The IU finally became a UN NGO in 1993. Pat Aller (who had led the application process) and I served as the IU's two UN representatives. During the past few years the IU has gone on to be accepted as a consultative organisation with the UN Economic and Social Council (ECOSOC), and now has fifteen UN NGO representatives from several countries.

The IU's involvement with UN Habitat – one of the major UN agencies – dates to 1996 when I participated in the Habitat II conference in Istanbul. I followed the official proceedings of the UN nation state ambassadors, particularly the Land Access section which recommended land based taxes and land value capture. We wanted to make certain that those sections remained in the official documents. Even so, the first Habitat conference, held in Vancouver in 1976, had contained an even stronger and longer section advocating land value tax.

UN Habitat has grown in stature within the UN system since the Istanbul conference. In 2002, in Nairobi, UN Habitat held its first World Urban Forum. I believe there were about 500 participants. By that time our colleague Tatiana Roskoshnaya, past president of the IU, had joined the Habitat staff.

Year 2000 had seen the major gathering of nearly all heads of state at the UN which produced the *Millennium Development Goals* – a several-point

agenda for poverty eradication. In looking closely at the condition of the life of slum dwellers it became clear that there was a problem with land tenure. So a focal point on land tenure issues grew in UN Habitat.

Tatiana brought the importance of land value tax policy to the attention of those working on land tenure issues. She noted that it had been recommended in the official action agendas of both the Vancouver and the Istanbul Habitat global conferences. After the second World Urban Forum in 2004, which I also attended, I was informed that a Global Land Tool Network (GLTN) was going to be established, and that land value taxation would be included as a policy approach.

Some months after, I met with the consultants preparing to establish the GLTN. Subsequently Habitat was successful in its request for a US\$10m grant for the ten-year GLTN project, funded by the Swedish International Development Agency. GLTN was officially launched and celebrated at the UN Habitat World Urban Forum III held in Vancouver in July 2006.

I was asked by the GLTN leadership to develop a multi-faceted lvt information programme – the Land Value Capture Project – to serve as a basis for future implementation projects.

Via the GLTN we are now thoroughly and officially engaged with land value tax policy development within the UN system.

Training materials will be available online to public officials, NGO and grassroots leaders and others who are committed to ensuring access to land for affordable shelter for all. US\$20,000 has so far been allocated by the GLTN to the Land Value Capture Project, to be administered through the Earth Rights Institute. **L&L**



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