


LAND & LIBERTY

since 1894

Restoring a timeless idea...

Issue 1237 Summer 2016

A black and white photograph of a young man with short hair, shown in profile from the chest up. He has his mouth wide open in a shout or yell, facing a large, vintage-style microphone on the left. The background is a plain, light color. The overall tone is one of passion and expression.

**The IU
Special Issue**

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THE MARCH OF
INVENTION HAS CLOTHED
MANKIND WITH POWERS...



LAND&LIBERTY

No 1237 Vol 125 Summer 2016

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ISSN 0023-7574



The Henry George Foundation is an independent economic and social justice think tank and public education group with offices in London and members throughout the UK. The Foundation deals in cutting-edge ideas, exploring and promoting principles for a just and prosperous society and a healthy environment.

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letter from the publisher

Ninety years ago in July 1926 over four hundred followers of Henry George from twenty six nations met in the Joint Assembly Chamber of the Houses of Parliament in Copenhagen, Denmark, for their Third International Conference. The conference culminated in the formation of The International Union for Land Value Taxation and Free Trade and an Address (via a letter) to the League of Nations in Geneva. In their Address they indicated their "earnest hope that the League may be led to promote the peace and prosperity of the world by undertaking the removal of obstacles that now interfere with common understanding and progress." In forming the Union it was resolved that Land&Liberty shall be recognised as its official organ.

This edition of Land&Liberty is published in commemoration of these past events and as a spur to current and future endeavours to promote a more widespread understanding of, and commitment to, implementing key fiscal and trade policies needed to secure peace and prosperity within and between nations.

In 1992 The International Union for Land Value Taxation (the IU) was recognised as a Non-Governmental Organisation (NGO) by the United Nations and in 2003 received "Consultative Status" via their Economic and Social Council (ECOSOC). It regularly contributes towards events at the UN in New York but in October the UN will be holding its *Habitat III conference on Housing and Sustainable Urban Development* in Quito, Ecuador. This will be the first Global Summit and implementing conference flowing from the United Nations 2030 "Agenda for Sustainable Development" and the new "Climate Change Agreements". It represents an important opportunity for the IU and during the past few months members of the IU have been contributing towards various Habitat III lead up events in New York, Prague, Barcelona and on line.

As newly elected President of the IU, together with others, I shall seek to carry our message to Quito. It is hoped that the material assembled for this edition of Land&Liberty, together with that to emerge from our *Commons Rent for the Common Good - Implementation* conference in London on 16 & 17th September, will be useful for sharing with other delegates and officials there.

Overall the material needs to address seven key questions that any government seeking to implement Land Value Based Fiscal Reform (LVBFR) must be able to answer namely:

- i) What is the optimum form of LVBFR and what administrative mechanisms are needed for implementation?
- ii) How would LVBFR be integrated with the regulation/planning of land use?
- iii) How would LVBFR contribute towards good, secure, affordable housing?
- iv) How may LVBFR be made more politically acceptable?
- v) How, for the provision of public infrastructure and affordable housing, may private sector finance be accessed and properly rewarded whilst retaining all associated rent as public revenue?
- vi) How should Monetary Reform and Tax Free Production & Fair Trade feature in plans for LVBFR?
- vii) How may legal, political and economic obstacles to LVBFR be overcome and what are the lessons we need to learn from history?

We shall also need answers to the questions that Dr. Le-Yin Zhang put to me in Prague, again in London, and again in her article here. Why, since this seems to be such a good idea and has been around for so long has it not really caught on? And, what needs to be done to change this?

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letter from the editor

This issue of Land&Liberty celebrates ninety years since the founding of the International Union for Land Value Taxation (the IU) in Denmark in 1926. On page 14-15 we reproduce the eloquent presidential address of Charles O'Connor Hennessy, where he says:

The great work before us is the work of education - of enlightening the minds of men so that they may exercise political power intelligently and righteously. Over and over again Henry George pointed to the fact that the power to bring about social and political reforms rests with the masses of men in every country. If the masses of men are victims of social injustice sanctioned by law, they have the power to force their rulers to alter the law.

There is a note of patient optimism here and throughout this address. Most significantly, there is an understanding that social change can come about only through education of the ordinary citizen. If there are injustices, these are sustained by ignorance. "When peoples, therefore, continue to suffer and submit to injustice, it is generally because ignorance or short sighted selfishness blinds them to their true political interests." He does not blame 'the system' or 'the politicians' or even 'vested interests'. These three elements are determined by the laws a people accept to be governed by, which can be reformed by common consent. The 'true political interest' of the people is to seek the common good.

This stance completely accords with Henry George. It is at once the strength and weakness of George's philosophy that its success depends entirely on the people coming to understand how the economy works, and not upon an ideology or some new system, in particular in seeing that land, labour and money are not commodities. This is a great challenge because economic thinking since the eighteenth century has failed to distinguish between these factors of production and actual commodities or wealth. Yet this basic failure has led to the notion that land may be privately owned and its benefit be appropriated solely through ownership, and that wages are a cost of production, and that money is wealth. These fundamental misconceptions distort the production of wealth and create the ever widening divide between rich and poor.

Why is it that these basic factors of economics continue to remain unseen? One reason is that, since the founding of classical economics, it has been assumed that the driving force of society is individual self-interest. We see this in Hobbes, Locke and Adam Smith. Society is conceived as a perpetual struggle of all against all, and so 'economics' is about 'competition'. It is as though this were a self-evident truth, informing economic thinking now as it did three hundred years ago. Marx is a continuation of the same with his theory of class struggle. And yet it is plain as daylight that the production of wealth is for its enjoyment.

The desire to eat does not arise through competition with one's neighbour. It is also plain as daylight that cooperation produces more than an individual can produce alone. In its simplest sense, economics is an expression of community, not competition or the war of all against all. It is primarily through the misappropriation of land value that division is introduced, where one lives off the labour of another. It is no different than slavery. The simplest solution is that each enjoys the fruits of their own labour, and none takes that of another. This means there is no natural means of obtaining unearned income. It can only ever be through legalised theft. And so there is no need for any redistribution of wealth where wealth is not misappropriated in the first place.

There is no reason for anger at economic and social injustice if the cause is general ignorance of the principles of economics, the nature of society and its relation to the earth. It belongs to the citizen in a democracy to be responsible for the condition of society. But so long as individuals see the earth and society solely in terms of their own private advantage, they are inadvertently supporting the misappropriation of the land value and all consequent injustices.

A society is not properly a society until each member acts for the common good - a truth articulated by Plato, Aristotle, Cicero, Aquinas, and Confucius in China. It is worth noting that the founders of classical economics, following Machiavelli, rejected this principle as 'utopian' and impractical. The rise of 'reason' in the Enlightenment corresponds with a decline in moral understanding, and a separation between reason and ethics still pervades received economic theory. Economics is conceived as having selfish ends, and society as having moral ends, each irreconcilable with the other. The consequence is economic failure and social injustice. But now we are confronted with a deeper and wider consequence of our misconceptions in climate change. The morally indifferent plunder of the earth as a mere 'resource' for consumption, rather than the home or mother of living creatures, exposes the irrationality of modern economic theory and the blindness of reducing it to mathematical formula.

After ninety years of the IU and the work of the many Georgist organizations around the world, we see that little progress has yet been made. But the conference in 1926 reminds us that the main work that needs to be done is education. Society will only change for the better when the ordinary citizen is armed with understanding and inspired by the love of justice.



Joseph Milne
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FILLING KNOWLEDGE GAPS...

INTRODUCTION

We are standing at a historic juncture. By adopting the 2030 Agenda for Sustainable Development in 2015, the global community has reaffirmed its commitment towards sustainable development. The New Urban Agenda (NUA), which is to be adopted by the UN Conference on Housing and Sustainable Urban Development (Habitat III or H3) in October 2016, calls for an urban paradigm shift “grounded in the integrated and indivisible dimensions of sustainable development: social, economic, and environmental” (United Nations 2016).

More specifically, it adopts three interlinked principles: 1) leaving no one behind; 2) sustainable and inclusive urban economies; and 3) environmental sustainability. This heightens once more the question of how to integrate these different dimensions, which has perplexed social scientists since at least 1980s. A key challenge in this regard is to identify ideas and tools that can deliver on all three fronts. Land value taxation (LVT), as popularised by Henry George’s book, *Progress and Poverty*, is a promising candidate in this light.

THE MESSAGE OF GEORGE AND ITS RELEVANCE TO THE NUA

Addressing the question of why there is poverty amid advancing wealth, or material progress, George ([1879] 1935) laid the blame squarely at the doorstep of private ownership of land, under which progress (i.e. greater productive power) increases only the rent and value of land, not the return on labour and capital. His remedy was to make land common property. To implement this, he suggested that it is not necessary to confiscate land, but only to appropriate land rent through taxation for public use. These ideas underpin LVT or more broadly land value capture (LVC). Studies (Dye and England 2009) find that at least 25 countries currently use some form of LVT; within the United States, Pennsylvania and Hawaii have experimented with LVT, with 16 jurisdictions in Pennsylvania having split-rated systems. Thus the idea of George is very much alive, but unpopular.

THE QUESTION OF LAND VALUE CAPTURE FROM H1 TO H3

In the Habitat arena, the attention accorded to LVT/LVC appears to have lessened since the first Habitat in 1976. In the 9-page Vancouver Declaration (United Nations, 1976), it is stated that “[T]he increase in the value of land as a result of public decision and investment should be recaptured for the benefit of society as a whole” (Clause 13). Land features prominently in that Declaration and its Action Plan. It represents one of the six themes and seven of the 64 recommendations in the Plan, with emphasis on public land ownership (see Table 1).

Where	What
Preamble	“Private land ownership is... a principal instrument of accumulation and concentration of wealth and therefore contributes to social injustice”
Preamble	“To exercise such control [over land use], public authorities... require suitable instruments for assessing the value of land and transferring to the community, inter alia through taxation, the unearned increment resulting from changes in use, or public investment or decisions, or due to the general growth of the community”
Recommendation D1	“Public ownership or effective control of land in the public interest is the single most important means of improving the capacity of human settlements”
Recommendation D3	“Taxation should... be seen... as a powerful tool to encourage development of desirable locations, to exercise a controlling effect on the land market and to distribute to the public at large the benefits of the unearned increase in land values” “The unearned increment... must be subject to appropriate recapture by public bodies...”

Table 1. Reference to land value capture in *The Vancouver Action Plan*

This early prominence was later lost in the 115-page Istanbul Declaration on Human Settlements and the Habitat Agenda (United Nations, 1996) adopted at Habitat II. Despite significant attention paid to land-related issues, there was just one reference to LVC, which states that governments should “[C]onsider the adoption of innovative instruments that capture gains in land value and recover public investments” (p. 42). Ironically, the late 1990s and 2000s saw major development and experimentation in this area (Peterson 2009), especially in Latin America (Smolka 2013). Nevertheless, LVT is highlighted by UN-Habitat III Policy Paper 5 (Urban Finance): It is mentioned 11 times in the main text running over 44 pages. However, the latest (Surabaya) Draft of the NUA, appears to engage with LVC only at an instrumental - rather than principle - level (see Table 2).



FOR SUSTAINABLE URBAN DEVELOPMENT

Where	What
Clause 133	<p>“...promote policy frameworks to capture and share the increase in land and property value generated as a result of urban development processes, infrastructure projects, and public investments”</p> <p>“...to prevent its solely private capture as well as land and real estate speculations”</p>
Clause 147	<p>“...[to support] capacity development programmes... focusing on the legal and economic foundations of value capture, including quantification, capturing, and distribution of land value increments”</p>

Table 2. Reference to LVC in Surabaya Draft New Urban Agenda

It would seem that, while land value taxation and land value capture has received increased support from researchers and public administrators in developing countries (Dye and England 2009; Smolka 2013), it has not gained greater influence in Habitat agendas.

KNOWLEDGE GAPS TO BE FILLED

The authors in the volume edited by Dye and England (2009) addressed an array of questions regarding land value taxation. Their conclusion is the following:

“[E]conomic theory and, to a lesser degree, empirical evidence support the claim that taxing land values instead of wages, profits, or capital values would improve economic performance and could improve people’s lives.” (p. 10).

In addition to this notable conclusion it is also acknowledged that land value taxation reduces urban sprawl - and thus is good for the environment.

The remaining questions are then why - despite these positive features - land value taxation has not been more popular and what could be done to change this. These are surely two of the most significant knowledge gaps in implementing sustainable development. 📍

A note from newly elected President of the IU David Triggs:

In March 2016 together with Duncan Pickard I attended the Habitat III Regional Meeting “European Habitat” in Prague and held a side event presentation entitled “Implementing Land Value Capture to Finance the SDGs and the Habitat Agenda” during which we met Dr Le-Yin Zhang - a co-leader of Habitat III Policy Unit 7 (Urban Economic Development Strategies). Dr Zhang was not particularly familiar with the works of Henry George at the time but immediately recognised much that was of value in the ideas that were discussed. We agreed to meet later in London where she is a senior lecturer and director of MSc Urban Economic Development at the Bartlett Development Planning Unit, University College London. Following our meeting in London in connection with the London ‘Commons Rent for the Common Good’ conference she invited me to be a co-investigator in a project she was proposing under the Global Challenge Research Fund (GCRF) through the UK’s Economic & Social Research Council (ESRC). On reading her proposal I invited her to offer this article based upon it for this special edition of Land&Liberty. Dr. Li-Yin Zhang is the author of *Managing the City Economy: Challenges and Strategies in Developing Countries* (Routledge, 2015).

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How should Monetary Reform and Tax Free Production & Fair Trade feature in plans for Land Value Based Fiscal Reform?



The wonder and beauty of living in a healthy community is how working with and for others in the community of which one is a part increases both the amount and quality of the goods and services that may be produced and the satisfaction available to those who produce them.


Down the ages, beyond familial or religious bonds this most benevolent aspect of natural law has manifested in the voluntary exchange of goods and services through trade. Between individuals well known to each other credit and the honouring of debt would feature. Between individuals less known to each other money in a form that both parties to the exchange trusted would act as the medium. Irrespective of money's form, its only essential characteristic is that it will be readily accepted in exchange for a desired good or service. As is obvious with paper forms of money its value does not depend upon any difficulty associated with producing it but upon the difficulty an individual has to undergo in order to acquire it. Trust in those responsible for controlling its supply or issue has thus always been crucial within a community dependent upon the free and willing exchange of goods and services. In a healthy community or state trust will be most widely and permanently vested in their government and explains why, throughout history, sovereigns have been responsible for the issue of the nation's legal tender coinage or currency. However in a trading community and in trade between communities under different sovereign governments credit, trust or belief is even more important than money, and banks have an important role here.

Essential to the business of traditional bankers was the knowledge they had of the ability, potential and needs of their customers. Knowing, and being known to know these things, they could make and exchange credits with each other on their own account. However whilst they did not need to use legal tender money or currency on this account their credibility required them to be also safe holders and lenders of legal tender money.

Over time banks have been allowed to blur the distinction between the issue of legal tender money on the one hand and the making and exchange of bank credits on the other. Banks have been allowed to create, lend, and earn interest on a form of money that has become indistinguishable from legal tender and has thus to be effectively backed by government. Over 90% of this money is not required as a medium for the exchange of new goods and services as measured by the nations GDP but is needed to fund interest payments on previous "loans" and for new interest/dividend earning speculative "investments" in land, currencies and other financial assets. At the same time genuine bank credit, based upon a confidence that the material capital thereby accessed, including new buildings, machinery, equipment, tools, stock etc., will be used to produce new wealth from which the debt will be redeemed, has become increasingly difficult to come by.

The damage being done to the bodies, minds and souls of those participating in and affected by this perversion of money and banking is impossible to measure but there can be no doubt that it is substantial and has an impact on the production of wealth and the provision of socially useful services throughout the world.

The links between land value based fiscal reform, tax free production & fair trade, and monetary reform are not difficult to discern. The need for all three stem from a failure by government to collect for the community the land or location value that is created by the presence, protections, regulations and service that the community itself creates. The consequences of this failure includes: (i) that the periodic rental value of land must be taken by individuals, families and firms, (ii) it thereby acquires a capital value or sale price based upon the estimated present value of an estimated future stream of rents, (iii) as a financial asset it becomes collateral against which mortgages may be granted and new money created for the purpose, (iv) as the economy develops land rent increases and becomes an increasing share of GDP but instead of being available to fund increasing communal needs for infrastructure and services its capitalised value becomes the object of financial speculation leading to the boom bust phenomenon, (v) governments are obliged to collect public revenue through taxes levied on production, trade and the value added by and/or the earnings of labour and capital, (vi) such taxes harm marginal industries, businesses, people and locations more than monopolistic or oligopolistic corporations thus endowing them with an ever increasing market share whilst those at the margins are rendered economically unviable (vii) people associated with tax induced poverty become unproductive and have to be supported by an ever increasing need for welfare and benefits, (viii) governments find that their taxes are unable to provide sufficient public revenue to fund the increased need and resort to borrowing etc. etc.

Faulty monetary and fiscal arrangements around the world have a profound effect on the nature and impact of international trade. Failure to collect land rent has led to land being treated as a commodity that can owned, bought and sold without regard to any corresponding duty to the host community. In like fashion failure of national governments to retain control of their legal tender money as a medium of exchange has led to currencies being regarded as tradable commodities. The principle underpinning the virtue of "tax free trade of goods and services" has been perverted as money is treated as if it were genuine capital i.e. man-made material wealth used to facilitate the production of new material wealth. As the recent Brexit debate has shown the idea of "free trade" has become confused with ideas about the free movement of goods, people, services and capital. The consequences of allowing the free global movement of capital/money, coupled with an ability to acquire duty free ownership of land with that money pose a serious threat to the peace and prosperity of people everywhere. 

THE IU'S HISTORY WITH THE UNITED NATIONS

As may be seen from the extracts taken from the September 1926 edition of *Land&Liberty* the IU has, from its founding, sought to promote the philosophy propounded by Henry George on the international stage, initially through the "The League of Nations".

This article gives the background and history of the designation of the IU as an official NGO affiliated with the United Nations.

In 1980 Georgist Alanna Hartzok was invited to present on LVT to people from 40 countries assembled in Japan for the World Citizens Assembly. Dr. Lucile Green and Dr. Harry Lerner, leaders of this movement, were proposing various United Nations reform policies. Following the Japan assembly Lerner invited Hartzok, on several occasions, to speak at events he organized both inside the UN and elsewhere. Lerner, impressed with the importance of LVT policy, urged the IU to affiliate with the UN as an officially recognized UN non-governmental organization (NGO). Lerner's nudging was the initial impetus for the IU to proceed with applications for UN NGO status with the UN.

NGOs are civic groups, such as chambers of commerce, service organizations and generally non-profit sector organizations. More than 5,000 such groups are now affiliated with the United Nations to support its work for peace, human rights, economic and social justice. Because IU member Pat Aller had at one time worked for the UN and lived in New York, the IU President Richard Noyes asked her and British Georgist Harry Ball-Wilson, who had also experience with the UN, to apply with the UN Department of Public Information (DPI) for formal associative status of the IU with the UN. Admission was granted in late 1992. DPI permits two representatives per organization so Aller, who was Assistant Director of the Robert Schalkenbach Foundation, and Hartzok, who was then Education Director of the Henry George School of Social Science in San Francisco, were appointed by the IU as its first NGO representatives.

The 1990s were the UN's world summit conference years:

- The United Nations Conference on Environment and Development (UNCED also called The Earth Summit), was held in Rio in 1992 and at the time was the largest global gathering that had ever been convened. The Earth Summit produced a plan of action called Agenda 21. UN NGOs, who up until then were considered to be passive observers of UN proceedings, organized a powerful NGO Forum that gave significant input into Agenda 21 and thus for the first time were heralded as significant voices in their own right.

The other four major global UN conferences of the decade were:

- The International Conference on Population and Development (Cairo 1994). Some 20,000 delegates from various governments, UN agencies, NGOs, and the media gathered for a discussion of a variety of population issues. The conference delegates achieved consensus on the following four qualitative and quantitative goals: universal education, reduction of infant and child mortality, reduction of maternal mortality, and access to reproductive and sexual health services including family planning.

- The Fourth World Conference on Women (Beijing 1995) brought together 50,000 women from all over the world and proclaimed a platform titled Action for Equality, Development and Peace.

- The World Summit for Social Development (Copenhagen 1995) was attended by Pat Aller who gave a paper presentation accompanied by Danish Georgist Per Moller Anderson, who with other Danish Georgists set up an information table. This so-called Social Summit was the largest gathering ever of world leaders at that time. It issued the Copenhagen Declaration which pledged to make the conquest of poverty, the goal of full employment and the fostering of social integration overriding objectives of development.

- The United Nations Conference on Human Settlements (Habitat II) was held in Istanbul in 1996. It issued (by consensus of all UN member states as is true for all the global UN official declarations) the Habitat Action Agenda that contained a section on Land that referenced the need for land based taxes and land value assessment. IU UN NGO representative Alanna Hartzok was an active participant and organized six NGO Forum events. Thanks to the emerging connectivity of the internet she was invited to give a talk about Georgist economics to members of the Green Party of Turkey assembled in Istanbul during the Habitat conference. Georgist Mary Rose Kaczorowski, representing Common Ground USA, also participated in Habitat II and was present in Istanbul, working primarily with the group of NGO women assembled by US Congresswoman Bella Abzug. Hartzok and Kaczorowski closely followed the proceedings developing the Action Agenda in order to make certain that references to land value tax were not jeopardized. We knew that Habitat's founding document (Vancouver Action Plan) contained strong sections on LVT.

Following these five major global conference and upon review of their action plans, UN officials began to realize that what was needed was a focus on how to finance the many wonderful goals that had been set forth. Thus emerged another major global conference titled The International Conference on Financing for Development (Monterey, Mexico, 2002) that signaled a turning point in the approach to development cooperation by the international community.

It was the first United Nations-sponsored summit-level meeting to address key financial and related issues pertaining to global development. More than 50 Heads of State and Government and over 200 ministers of foreign affairs, trade, development and finance – the largest ever participation of finance officials at a United Nations-sponsored event – gathered in Monterrey. The Conference succeeded in placing financing for development firmly on the global agenda.

Georgist Jeff Smith participated in this conference and gave an NGO talk on land value taxation. Hartzok and IU then President Tatiana Roskoshnaya (Russia) had earlier participated in the preparatory conference in New York and made their best effort to insert reference to land value taxation in the official outcome document; unfortunately, despite the hard work, the reference did not find its way to the final document.



During the decade of the 1990s IU's two NGO representatives also attended many briefings in New York, networked for land value taxation with other NGOs, and learned ways to educate and advocate for LVT with UN delegates (ambassadors from 190 or so nations who decide major issues). Aller and Hartzok wrote and distributed papers to influence policy particularly advocating for land value tax and participated in some of the many NGO committees at the UN. Aller engaged with groups devoted to all of the major summits but worked mostly with the NGO Habitat committee.

In 1995 at the IU Conference in the historic town of Roskilde in Denmark, the IU's General Business Meeting had decided that the IU should apply for Consultative Status with the UN's Economic and Social Council, (ECOSOC). ECOSOC is one of the UN's five principal organs - along with The General Assembly, The Security Council, The Secretariat, and The International Court of Justice.

The application for consultative status proved to be rather complicated and in order to support the application IU President, Dr. Robert V. Andelson invited all known Georgist organizations in the world to join the IU as corporate members. This was in the year 2000.

Due to his persistent communications as many as 75 organizations responded positively. In 2003 the IU was admitted to Consultative Status with ECOSOC and the same year the then IU President, Dr. Tatiana Roskoshnaya, was appointed to a post as an economist at the UN Habitat's main offices in Nairobi, Kenya; a position which she held for several years.

Aller then resigned as IU UN NGO representative and Hartzok appointed several new IU representatives. George Collins, as an IU UN NGO representative, functioned for some years as the secretary of the UN NGO Committee on Human Settlements, which dealt with UN Habitat issues.

ECOSOC Consultative Status extended the IU's scope at the UN since. In addition to the two NGO representatives associated with the UN's DPI, it was and remains entitled to a further 22 representatives at UN offices in several countries. To date only a portion of these positions have been designated, mainly the seven assigned to New York.

UN Habitat (officially the United Nations Human Settlements programme) seems to hold the most promise for LVT policy implementation. Every two years this agency convenes The World Urban Forum (WUF) which is the world's premier conference on urban issues. It was established in 2001 to examine one of the most pressing issues facing the world today: rapid urbanization and its impact on communities, cities, economies, climate change and development.

Today the Forum has become one of the most open gatherings on the international arena for exchanging views and experiences on urban challenges. This notably inclusive nature of the Forum, combined with high-level participation, makes it a unique United Nations conference.



The Third World Urban Forum convened in Vancouver, Canada in 2006. Participating were Roshkoshnaya in her official capacity as a UN Habitat economist and Hartzok as IU UN NGO representative. Hartzok had been informed that Habitat was preparing a proposal to establish the so-called Global Land Tool Network (GLTN) as land issues had been identified as a key concern of Habitat. Roshkoshnaya had recommended that officials with the Land Tenure Section of Habitat ask Hartzok to give input to the consultants hired to develop the funding proposal for GLTN. Hartzok thereafter met with the consultants in Washington DC where she was told that funding for land value tax policy development would be included in the proposal.

In Vancouver the announcement was made that Sweden (via SIDA – Swedish International Development Agency) would contribute 10 million USD to fund GLTN and at the same conference Norway announced that it would contribute an additional 10 million USD. Both grants would be for a period of ten years for a total of 20 million USD.

Shortly thereafter GLTN officials invited Hartzok to sign a contract to develop a Land Rights and Land Value Capture program. The ToR (terms of reference) detailed eight specific areas that were to be developed: An online course (five sections), a short brochure (two pages), a long brochure (20 pages), an online calculator, a classic SWOT (strengths, weaknesses, opportunities and threats) analyses for cities and countries that had experience with LVT, a global SWOT analysis of LVT and a document with pertinent quotes (hundreds were compiled.) Hartzok enlisted the assistance and input of twenty five Geogist experts from nine countries.

After nearly two years of dedicated work on this contract, with which Hartzok's immediate Habitat supervisor was well-pleased (and had begun working with her to develop a "next stage" contract for LVT implementation training programs) the 500-plus pages were submitted to a Habitat Land Section committee which rejected the entire body of work. No explanation was given other than a brief email that they had come to the view that there were different approaches to the policy and wanted to extend their information gathering. Hartzok was greatly disappointed. Fortunately the Habitat officials said that she could retain and utilize the work she had done.

The non-profit she co-founded, Earth Rights Institute, enlisted a competent volunteer who placed all of the material into a well-functioning online course. During the next few years, with no promotion and mostly by word of mouth or internet search for "land rights" nearly 1000 people from 95 countries enrolled in the course. Unfortunately after functioning for several years the webmaster accidentally crashed the course website which to date has not recovered to full operation and is currently dormant.

The Earth Rights Institute is now in the process of "picking up the threads" with a renewed and vigorous engagement with UN Habitat this year of 2016.

Current IU UN NGO permanent representatives include Dr. Quisia Gonzalez, Teckla Negga Melchior, Marcial Cordon, Henry Abbott, George Collins, IU President David Triggs, and Alanna Hartzok

as Administrative Director. Jacob Schwartz-Lucas and Mary Rose Kaszorowski have been temporary representatives this year. Mary Rose has written a detailed report about the UN Commission on the status of women conference that she attended where she also advocated for land value taxation.

Each IU UN NGO representative is free to participate in the IU's work at the UN in whatever way he or she decides can be most effective. For instance, Quisia has great concern about human rights and land rights of indigenous people particularly the Garifuna in Honduras, her ancestral heritage. Teckla, with family roots in Barbuda, is developing a focus and project relevant to land rights in this Caribbean island nation.

Everyone working as current IU UN NGO representatives realize the importance of the emerging New Urban Agenda that will be finalized at the Habitat III global conference in Quito, Ecuador in October. Organizers expect the attendance of more than 30,000 people from all around the world. Sections useful to us for LVT implementation are thus far in the agenda as it has developed to date.

There have been several preparatory conferences that have been leading up to Quito. David Triggs along with IU member Duncan Pickard presented a side event at the conference in Prague chaired by UN NGO Commons Cluster Coordinator Lisinka Ulatowska.

Triggs also attended the Barcelona conference on urban common spaces where he had a conversation about land value taxation with Joan Clos, the head of Habitat. Hartzok and Global Ecovillage Network UN NGO representative Robert Wheeler gave input on LVT from the floor in the Local Authorities session in New York. This sessions was filmed and then posted on the internet by the United Nations' official TV channel and gave formal online input along with IU members Ed Dodson and Rick Rybeck for the Mexico conference on urban finance which resulted in a notably strong section on land value taxation in the eventual outcome document.

IU NGO Representatives Quisia Gonzalez and Teckla Negga-Melchior also have been much engaged in Habitat plus other UN organization sessions and conferences in New York and elsewhere. Teckla participated, along with Ethiopian IU member Kidane Hiwot, in the Third International Conference on Financing for Development held in Addis Ababa, Ethiopia, July 2015. Both plan to be present along with David in Quito in October.

Hopefully a formal IU application for a side event workshop on LVT Implementation will be accepted and IU organizers will then be formally on the NGO section of the program.

In conclusion, as the only UN NGO organization devoted solely to the teachings of Henry George and land value tax policy the IU has a special opportunity and responsibility to ensure that other NGO delegates and UN delegates and other officials are made aware of the vast contribution that the widespread implementation of land value taxation coupled with freedom from taxes on labour and non-polluting production would make to peace and prosperity throughout the world. 🌍

1926 IU declaration

Third International Conference to Promote the Taxation of Land Values and Free Trade, Copenhagen, 20th to 26th July, 1926.

RESOLUTIONS ADOPTED

Address to the League of Nations

Resolved to transmit to the Secretariat of the League of Nations at Geneva for the Consideration of the Council and the Assembly of the League of Nations the following

DECLARATION

We, the members of the Third International Conference to Promote the Taxation of Land Values and Free Trade, assembled from twenty-six nations in the Danish Houses of Parliament, Copenhagen, 20th to 26th July, 1926, respectfully submit for the consideration of the League of Nations our latest hope that the league may be led to promote the peace and prosperity of the world by undertaking the removal of the obstacles that now interfere with common understanding and progress.

We believe that until there is a frank recognition of the root causes of international misunderstanding and discord, and a sincere and earnest determination to remove them, there will be no permanent peace or progress in the world. The peace promised by the Treaty of Locarno, even if ratified, would be but a gesture of goodwill, leaving untouched the evil economic realities out of which grows the envies, hates and fears which are the common causes of war.

Disarmament alone cannot assure permanent peace, and is indeed inconceivable so long as powerful and privileged monopolists can contend for the control of the world's natural resources, and selfish national policies, designed to benefit one people by inflicting injury upon another, arouse suspicions and antipathies on all hands.

This Conference urges the League of Nations to recognize the simple truth that free commerce among the peoples of the earth would be the greatest civilizing influence that the world could know; it would serve increasingly to promote those friendly human contacts and understandings that make for an ultimate appreciation of the essential kinship of all mankind. Untaxed and unrestricted trade would put an end to the isolation or the self-sufficiency of any nation. It would, in time, bring into being a League of Peoples more potent for peace than any league of political governments could be.

We affirm, therefore, that the curse of war may never be ended until the leaders of nations come to recognize and deal with the fundamental causes of international contention and strife. These, it is now generally seen, have their origin not alone in hostile tariffs and the struggle for markets, but in the economic imperialism, which exploits the natural resources of distant and undeveloped lands, not for the common interest, but for the enrichment of favoured groups of monopolists in every country.

In conclusion, this Conference exhorts the leaders of the League of Nations to influence their Governments to depart from the old ways that must inevitably lead to new wars for domination and conquest, and to guide humanity along the road we have pointed out which leads to abiding peace and prosperity.

FORMATION OF THE INTERNATIONAL UNION FOR LAND VALUE TAXATION AND FREE TRADE

Resolved by the Third International Conference to promote the Taxation of Land Values and Free Trade as follows:

I This Conference hereby resolves to establish an International Union for Land Value Taxation and Free Trade.

II The objects of the Union are the promotion of Land Value Taxation and Free Trade as taught by Henry George, and the holding of International Conferences.

III The condition of membership of the Union shall be acceptance of its objects as set forth in paragraph II hereof.

IV The headquarters of the Union shall be in London, England.


V LAND&LIBERTY shall be recognized as the official organ of the Union.

VI The Hon. President and the Secretaries of this Conference shall occupy corresponding positions in the Union, until the holding of the next International Conference.

VII The officers shall conduct the business of the Union in consultation with a provisional committee of not less than 15 members appointed by them.

PRINCIPLE AND POLICY

We, the members of the Third International Conference to promote the Taxation of Land Values and Free Trade, assembled in the Danish Houses of Parliament, Copenhagen, 20th to 26th July, 1926, reaffirm the declaration of principle and policy adopted by the International Conference on the Taxation of Land Values held at Oxford, England, August, 1923, and Whereas this Conference has adopted an Address to the statesman of the League of Nations, pointing out that the chief causes of International discord and of war have their roots in the private monopoly of the world's natural resources and in the economic barriers that governments erect to prevent the free exchange of goods and services between friendly peoples; now be it known, that This Conference not only favours freedom of trade across national frontiers, but also affirms that if governments would establish peace, contentment and prosperity within their own borders they must apply the principle of free trade among their citizens at home. To apply this principle fully they must give equal access to natural opportunities, and abolish all legal and artificial restrictions upon or impediments to the right of men to freely produce wealth, freely to exchange it, and freely to enjoy the results of their labour. This can be accomplished only when governments repeal the taxes that now interfere with, or impose penalties upon, production and exchange.

Declaring that the land of every country is, by right the common property of the people, we affirm that the value of land due to the presence and activity of the community should, by concentrating taxation upon land values, be taken for public purposes in the place of taxes that now so grievously burden industry and interfere with the natural rights of man. 

1926 IU presidential address

If I may take the liberty to speak for those delegates, who, like myself, have travelled long distances to attend this gathering, I would say we are glad to be in Denmark. A progressive Government and an educated, self-reliant and industrious people is, I believe, the picture that comes to the minds of intelligent people of other countries when the name of Denmark is mentioned. In America, I assure you, it is not uncommon to hear Denmark spoken of as a high type among the nations of Europe, because of the fame of its system of popular education, the proficiency of its people in producing wealth from the soil, and their ability to out-rank the World in the organization of efficient co-operative agencies to market the products of the farm. We are glad to be in Denmark to clasp hands with those fine comrades, men and women, who have done so much to bring the message of Henry George to the Danish people, and whose influence upon the public opinion of their country has already borne splendid fruit. We are grateful to be in Denmark, also, because its Government has already taken a definite step forward in the direction of the economic principles for which we stand, by the enactment of the law that will hereafter raise a part of the local revenues through taxes upon land values, while encouraging thrift and industry by exempting, in part at least, those improvements on land that are the product of labour. This we recognize as, in principle, an important advance in the direction of taxation reform, even though the first step may not, in itself, be sufficient to produce important social effects.

But the important thing, as it appeared to some of us who had the opportunity to read the synopsis of the debates in Parliament published in LAND&LIBERTY, is that the distinguished Minister who sponsored the Bill, and his supporters, as well as some of those who so strenuously opposed it, seemed clearly to see that the Bill was a first and forward step towards the abolition of special privilege by the gradual shifting of the incidence of taxation from the producers of the country to those who take wealth without working for it. The start having been made in a spirit of enlightened and progressive statesmanship, it would seem that the attainment of justice and economic emancipation for the people of Denmark is now but a matter of keeping on. I feel certain, at any rate, that the militant Henry Georgeists of Denmark will help to keep this question to the front in the practical politics of their country, so that the Government may be led to go on to the end of the road that leads to complete social justice, offering a shining example to the less enlightened nations of the world. Let me say that the picture of political Europe as a whole that is presented to the gaze of Americans at home is one to induce discouragement, and sometimes despair for the future of the peoples of this continent. Perhaps things are not so bad as they appear, but on the surface of things it all seems very dark. At the end of the devastating war that was to end War, forward-looking men of every land felt that out of the years of unprecedented sorrow and destruction must come compensations commensurate with the vast sacrifices and sufferings that the world had endured. It seemed clear enough to men of vision that if civilization was to rebuild itself anew, the fears and hates and greeds fostered by most of the governments of the World before the war must be banished from the structure of the new world that must be built. The essentials seemed to be: a just and reasonable peace, the ending of economic imperialism and of the exploitation of the weak by the strong; the removal of the barriers that impede trade and travel between peoples; the abolition of the machinery of war; and the ending of secret diplomacy. None of these things has come to pass. Even the promise of the extension of political democracy, of the self-determination of peoples, has not been realized. Emperors may have disappeared in some places,

but dictators, resting upon their military power, have replaced governments based nominally upon the consent of the governed. But whatever the form of government may be, we are told that the masses of the people in nearly every European country are poorer and more unhappy than they were before the War.

This fact proves one thing at least, and that is that the form of government - a thing for which men greatly strove - is not so important after all. Indeed I believe that men will modify their regard for particular forms of government and for political institutions generally, as they grasp the fact that government, after all, is not an end for which men should strive, but a means. In America this year we are celebrating the 150th anniversary of the promulgation of the Declaration of Independence, and I can think of no better statement of the true function of government than that written by Thomas Jefferson into that classic document: that just government, resting upon the consent of the governed, exists to establish and maintain the natural rights of man, to life, liberty and the pursuit of happiness. But we have now come to perceive that social injustice, founded upon special privileges to the few, may exist under democratic forms as much as under those forms where the powers of government are less dependent upon the popular will. We have discovered that political freedom and democracy is not enough, and that without economic freedom no other freedom can be significant or lasting. I believe there is more than the wisdom of the cynic in the epigram of Pope:

*"For forms of government let fools contest
Whate'er is best administered is best."*

We are not greatly concerned, therefore, with the form in which government expresses itself. We are concerned with its effects upon the people governed. The great work before us is the work of education - of enlightening the minds of men so that they may exercise political power intelligently and righteously. Over and over again Henry George pointed to the fact that the power to bring about social and political reforms rests with the masses of men in every country. If the masses of men are victims of social injustice sanctioned by law, they have the power to force their rulers to alter the law. This task should be easiest, of course, in countries like Denmark with democratic political institutions, where government usually reflects the popular will; but even in those countries where the absolutism of a military dictator is now, for the time being, the law of the land, no popular demand for social justice can long be denied. When peoples, therefore, continue to suffer and submit to injustice, it is generally because ignorance or shortsighted selfishness blinds them to their true political interests. It is our great aim to lead men to see the truth that will set them free.

But we must be more than idealists; we must be practical reformers. For, as the power to retard as well as to advance social justice is also with the masses of men in every land, we who would lead the way to economic emancipation may not travel any farther or faster than the minds of men will go with us. Henry George, philosopher and statesman that he was, realizes how slow are the processes through which economic truth finds ultimate acceptance in the world, when it is not only opposed by powerful privileged classes, but must also struggle against the indifference, perversity, and stupidity of those who suffer most greatly from unjust laws. So he warned the impatient among us in these words:

"Social reform is not to be secured by noise and shouting, by complaints and denunciations, by the formation of parties, or the making of revolutions; but by the awakening of thought and the progress of ideas. Until there be correct thought there cannot be right action; and when there is correct thought, right action will follow."

Our great teacher not only clearly delineated the social ills which in every land, how from the monopoly by a few of the natural resources which are rightfully the inheritance of all, but he showed the simple and practical road that statesmanship may follow to redress the errors of the past. This way is through the Taxation of Land Values and Free Trade, for the promotion of which this Conference has been assembled.

We propose no sudden and revolutionary program, irreconcilable with the prevailing governmental machinery for raising public revenue. We are familiar enough with history and with human psychology to know that enduring Social and political reforms are effected by evolutionary processes, and only as men's minds are brought to apprehend the meaning and direction of the forward steps they are asked to take. We favour no short cut to the Promised Land, because as practical men we know there is not any. We realize that we have a considerable distance to go, and we know we cannot take the last step first. And experience has taught us that the distance we cover may not be so important as the direction in which we are going. If the direction is right, every step forward will make it easier to take the next step, and the next, until the end that we seek is reached.

We propose then, as a first step, that every Government should employ the taxing power so as to take from landowners through annual contributions to the public revenues, some part of those values which may attach to land by reason of the competition for its use made necessary by the growth and activities of the community. And we propose that, gradually, the taxes imposed upon land values be increased, as public opinion may approve and governmental needs may require, until substantially the entire economic rent of land, a product of society, is absorbed for social needs and purposes. Thus proceeding along lines of least resistance, and conforming to perceptions of political expediency as well as justice, we plan ultimately to recover and establish for all mankind their common and equal rights to the use of the earth. In reaching this end we would take from no man that which he has created, but would take only the common property for common uses. Incidentally, it is our purpose, as fast as Governments are educated to resort to socially created land values as the convenient and proper source of public revenues, that, one by one, all other taxes now imposed that interfere with the freedom of production and exchange, be remitted or abolished. This is what we mean by Free Trade. We would gradually wipe out every tax, tariff or impost at home or abroad that hampers the freedom of men to work and exchange the products of their labour. We believe that free commerce between the peoples of the earth would be the greatest civilizing influence that the World could know. As it would mean the free exchange of goods for goods, of services for services, it would serve increasingly to promote those friendly human contacts and understandings that lead to an ultimate appreciation of the essential kinship of all mankind. Untaxed and unrestricted trade would put an end to the isolation or the self-sufficiency of any nation. It would in time bring into being a league of peoples, more potent for peace than any league of political Governments could be. It would build the straight road

to disarmament of nations by first disarming the minds of their people of the fears, suspicions and antipathies that now naturally grow out of the selfish national policies that seek to benefit one people by inflicting injury upon another.

Finally, we propose to end the curse of war, with all its barbarities and brutalities, and its grievous burdens upon the backs of the workers of the world, by leading nations to recognize and remove the true causes of international contention and strife. These have their roots not alone in hostile tariffs and the struggle for markets, but in the economic imperialism which exploits the natural resources of distant and undeveloped lands for the enrichment of favoured groups of capitalists at home.

In the promise of world peace heralded to the world from Locarno last October, and still unratified we are unable see more than a gesture of worthy intention and goodwill. But surely goodwill is not enough, when the conditions that make for ill-will still remain. These conditions, as I have endeavoured to make plain, are economic in their character, and until they are finally removed the menace of new wars will remain with the world.

We are grateful to those men of energy and vision in Denmark and in Great Britain who have brought us together here to discuss these matters of vital interest to civilized life everywhere in the world. And let me, in closing, express the hope that as this gathering is the natural and logical successor of the significant Conference held at Oxford three years ago, so may this Conference lead to many another with similar outlook and aims. Let us spread the light. The truth that Henry George sought to make plain is for all nations and all generations of men. Let us then see to it that before this Conference adjourns and its members scatter to their homes in distant lands, we devise some means and ways to perpetuate our work. Let us form at least the nucleus of an international organization, through which we may enlist the interest and co-operation of lovers of economic justice in every civilized land. The noble idea of a League of Free Nations that was to banish War for ever and bring peace and contentment to a distracted world, appears to have failed. To me it seems to have failed chiefly because it has dealt with politics rather than economies; because the statesmen who control the League would doctor symptoms rather than a disease. They continue to deal with the superficialities of international relations, while leaving untouched those evil economic realities that arise from greed, selfishness or stupidity, and from which flow the miseries, antipathies and fears which engender the spirit of War.

Let us then, before we leave Denmark, consider the project of bringing into being a new sort of league - a league to promote the establishment of economic freedom and justice for the peoples of the whole world. To a committee of this Conference might well be delegated the task of making a preliminary draft of the covenant or constitution of such a league. In every civilized land are to be found followers of Henry George, men and women who have had the vision of a better day for all humanity. In every land are people who not only see the goal at which we aim, but who understand the simple practical political steps through which our end is to be attained. Let us seek out these comrades in the cause, whatever their race or homeland may be, and in the spirit which Henry George invoked, of the Fatherhood of God and the brotherhood of all men, let us summon them to join us in the noble enterprise of bringing to the people of a troubled World our plan of establishing peace, justice and prosperity by setting the whole world free. 🇺🇸

transportation



VIABLE INFRASTRUCTURE FROM THE GROUND UP

How, for the provision of public infrastructure and affordable housing, may private sector finance be accessed and properly rewarded whilst retaining all associated rent as public revenue?

Rather than explaining the theory or describing the ideal method by which this can be achieved, I prefer to find concrete practical examples from around the world, which other jurisdictions can learn from.

I will therefore concentrate on the example of Hong Kong's Mass Transit Railway (MTR). Hong Kong is one of the most densely populated countries in the world, and is ideally suited to an underground public transport system. This was recognised by the then colonial British administration in the 1960's, and during the early parts of the 1970's plans had been developed to begin construction.

At first, a conventional method of finance was conceived, with the contract for construction going out to tender to international engineering firms, and was to be paid for by the public purse. The contract was awarded to Mitsubishi, but with the quadrupling of the oil price in 1973, and associated uncertainty, the company withdrew from the contract.

The Hong Kong government decided to re-think the whole project. Looking around the world, they noticed that when railways are built in other cities, the land around the stations increase in value. They decided therefore, to create a public company (MTRC) and grant to them the development rights for land around and above the stations. The land was bought by the government at pre-railway prices, and sold to MTRC at the same price; the company paid for the land with shares in the company which it gave to the government. It should be noted, that all land in Hong Kong is held by leasehold, not freehold. The Hong Kong government owns all the land, and leases are sold to individuals or companies for periods of 30, 50 or 75 years depending on the land use. The company was able to borrow against the value of the land, and start building the railway.

The company in turn was able to sell to developers the opportunity to build offices, apartments, hotels and shopping complexes in and above the stations at post railway prices. The difference in the purchase and sale price helped to pay for the construction of the railway.

Crucially, the MTRC held on to ownership of the shopping centres immediately above the central railway stations, and continued to


receive rental and property management income from the shops operating there. This ongoing rental income supplements the cost of maintaining the railway.

The method was so successful that new lines were planned to serve new towns to be built on the outskirts of Hong Kong's New Territories, as well as a new Airport on Lantau island. In each case, the first question the MTRC asks is: "How much land do we need to pay for the railway?", which was exactly the question asked by Sharon Liu, Chief Town Planning Manager MTRC, in an interview in 2014.

There are now twelve underground or overground lines serving the Hong Kong territory, with three new lines either planned or under construction. With a mix of income streams, including fares, advertising, property development and rental income, the Mass Transit Railway Company is highly profitable, and does not rely on any public subsidy. Quite the reverse, with more than three quarters of the company still in public ownership, the MTRC pays an annual dividend to the Hong Kong government.

Financing the construction of new lines is by conventional borrowing and the issue of corporate bonds. With a healthy cashflow and profits, the MTRC is able to keep its borrowings to a minimum, and pays a low interest rate consistent with the strength of its balance sheet.

As well as enjoying an annual return on its initial investment in MTRC, the Hong Kong government benefits from the rising land values across the territory as more and more public transport infrastructure is built. Private investors in residential and commercial property are attracted to areas in the vicinity of new stations, and continue to pay healthy premiums for leases sold by the government. The government also enjoys new premiums when it agrees to a change in use for leases previously sold for agricultural or industrial purposes.

This method of financing public transport infrastructure is known as *value capture*, or *transport oriented development*, and there is a wide literature available to support the method. Although the Hong Kong government found it easier to implement given the structure of land ownership there, governments in other countries could employ compulsory purchase (United Kingdom) or eminent domain (United States) to secure the land to develop infrastructure without giving undue reward to private owners of land, who otherwise benefit disproportionately from the public investment. 

EFFICIENT, EFFECTIVE LVT IMPLEMENTATION

This article assumes an informed policy decision has been made to introduce an annual Land Value Tax (LVT) on all land in the UK with each site valued according to its optimum permitted use with a poundage (percentage rate) to be applied to all sites.

Issues that will need to be researched and addressed include:

- *What name to call the process for the collection of land rent?*

This article uses "Land Value Tax" (LVT)

- *Which taxes to be abolished and reduced?*

LVT can be introduced to replace negative taxes or in stages

- *The timescale for implementation*

LVT will need to be implemented expeditiously

- *Legislation needed*

This will depend on the aims of government implementing it

- *Methodology for calculating site values*

There are plenty of land valuation experts in the world to consult

- *System for appealing valuations*

There needs to be an appeals system in the interest of fairness and transparency

- *Method for collecting LVT annually*

In the UK, local authorities could be the collecting agents receipts passed to Treasury but with local government having the power to determine their own local element over and above the Treasury's levy

- *System for redistributing and equalising income fairly to local authorities*

- *The percentage of the annual rental value of land to be collected nationally with freedom for local authorities to set their own rate*

- *Should LVT be revenue neutral in terms of total monies collected from taxes it is to replace or in terms of current sums paid by individuals due under the existing tax system?*

KEY STAGES FOR IMPLEMENTING LVT

- *Information and training*

It is essential that accurate, clear and honest information is prepared at all stages to properly inform MPs, media, public and businesses and all staff who will be concerned with implementing the policy. It can be anticipated that the media will not support the policy and will flood their outlets with scare stories and misinformation. Obviously good and relevant training is essential for an efficient and speedy transition.

- *Registration of all land*

The UK land registers need to be completed so that the owner and their contact details, permitted use and size of every parcel of land is known. It is the writer's opinion that the Land Registry and all of its functions should remain in the public sector with all information transparent and open to all.

- *Valuation of every parcel of land*

For the purposes of LVT it is important to exclude buildings from the valuation so that only the location value (or land value) is being taxed. This ensures that companies and persons are not penalised for creating or improving buildings on appropriate sites with planning permission.

Similarly, land under empty buildings or idle development sites should not be exempted from LVT which will encourage their owners to occupy buildings and bring permitted developments forward for completion.

Each site needs to be valued annually according to its optimum permitted use. "Permitted use" is the use that the community, through the planning process, decides the land should be used for and "the optimum use" is the actual use that generates the most rent within the limitations of the permitted use.

There are many jurisdictions in the USA, Australia and Denmark that value land separate from buildings or other improvements at regular intervals using valuation skills and modern computerised and Global Positioning System (GPS) technologies.

- *Rate of levy to be applied to land value*

The percentage levy on the annual rental value of each site (the poundage) will depend on the speed at which the government of the day wishes to replace current property taxes and reduce harmful taxes and their economic and social policies.

- *What is the current value of all land in the UK and how much income will a shift in taxation to LVT collect?*

The UK government provides no clear, up-to-date or accurate data on the total value of land in the UK. However, an estimate of all land value as £6.2 trillion is shown below based on information used by the Office of National Statistics and elsewhere. (For further details see 'Welfare for the Rich' by Heather Wetzel <http://www.labourland.org/wp-content/uploads/2015/10/Heather-Wetzel-Welfare-for-the-Rich-June-2015.pdf>). Of course, these estimated values are based on the UK's current tax system and would be considerably more if the UK's tax system were changed to LVT.

Total UK tax receipts were about £648 billion for 2014–15 of which property taxes raised around £69 billion: Business Rates raised £29 billion; Council Tax £26 billion; Stamp Duty £8 billion and a further £6 billion in Capital Gains and Inheritance taxes.

Without allowing for the economic effect arising from the abolition of Business Rates and Council Tax or any reduction in existing taxes, and using the limited information available, estimates suggest an introductory 30% levy on the annual rental value of all land according to each site's optimum permitted use would generate an income of circa £92 billion.

However, because all taxes, grants and subsidies are inversely related to land values (as shown in the 2015 OECD paper "Reforming the Tax on Immovable Property: Taking Care of the Unloved"), as the government replaces or reduces current taxes, the amount of land value would increase by that amount and more because the economy becomes more efficient in currently under-invested areas.

Land Use (60macres total)	Capital value of land	Annual rental value of land at 5% of capital value	LVT at 12% of annual rental value	LVT at 15% of annual rental value	LVT at 20% of annual rental value	LVT at 25% of annual rental value	LVT at 30% of annual rental value
	£	£	£	£	£	£	£
Agriculture & forestry	325,500,000,000	16,275,000,000	1,953,000,000	2,441,250,000	3,255,000,000	4,068,750,000	4,882,500,000
Woods, marshes, heath	0	0	0	0	0	0	0
Residential (all)	4,600,000,000,000	230,000,000,000	27,600,000,000	34,500,000,000	46,000,000,000	57,500,000,000	69,000,000,000
Commercial (all)	900,000,000,000	45,000,000,000	5,400,000,000	6,750,000,000	9,000,000,000	11,250,000,000	13,500,000,000
roads, non-commercial etc	0	0	0	0	0	0	0
*Previously developed sites - Residential	230,000,000,000	11,500,000,000	1,380,000,000	1,725,000,000	2,300,000,000	2,875,000,000	3,450,000,000
*Previously developed sites - Non-residential	100,000,000,000	5,000,000,000	600,000,000	750,000,000	1,000,000,000	1,250,000,000	1,500,000,000
TOTAL	6,200,000,999,999	307,775,000,000	36,933,000,000	46,166,250,000	61,555,000,000	76,943,750,000	92,332,500,000

Table 1. Estimated income from a Land Value Tax (October 2015)

MAIN OBJECTIONS RAISED AGAINST A SHIFT TO LVT

The biggest objection to LVT is the 'asset rich income poor widow'. (It is worth noting that her ancestor was used as an objection to abolishing slavery because she too was an asset rich widow whose husband only left her with three slaves).

There does need to be a fair answer to situations where an owner-occupier lives in an area where land value have risen to such a level where LVT payment would be greater than currently paid under Council Tax. Such situations will not be great and the simple solution is for any difference between the Council Tax bill and LVT levy to be rolled over until the home changes hands.

Consequently, work urgently needs to be undertaken to compare each home's current Council Tax bill with the estimated payment for different levels of LVT applied to a variety of situations including (a) replacing current property taxes; (b) replacing current property taxes and reducing National Insurance, Income Tax and VAT.

There are supporters of LVT who suggest options that leave out all residential homes currently paying Council Tax (2% of total land area) in order to avoid voter hostility or apply different rates of LVT to homes in London in order to address the issue that some will pay more under LVT than they pay under Council Tax.

This paper does not include such options on the basis of economic efficiency, fairness to non-property owners and keeping the system simple, transparent and not subject to 'loop-holes'.



A list of frequently asked questions with answers is published on the website of the *Labour Land Campaign*: <http://www.labourland.org/faqs/>

The number of non-property owners is estimated to be over 40% of adults (see Table 2 below) and in London over half of adults are tenants. These people equally generate land value through the taxes they pay and the goods and services they consume. They do not receive windfall gains that property owners receive as land prices rise but their rents do rise leaving them worse off and, in many cases, force them to move to less convenient areas where rents are cheaper. This is not fair and LVT offers an end to this economic and social injustice.

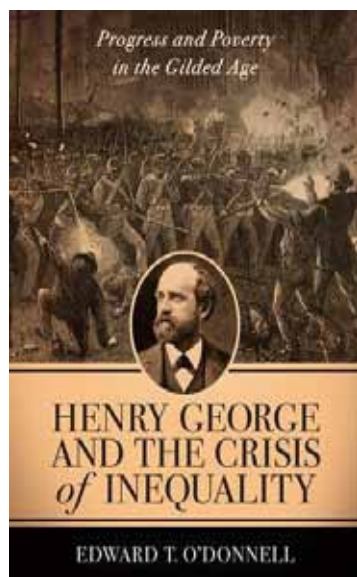
Figures used to justify leaving out owner-occupied homes from LVT	
Total population in UK	63,578,415
Total adult population in UK	49,974,344
Total households in UK	26,400,000
64% owner-occupied homes	16,896,000
36% rented homes	9,504,000
Figures we should be using when discussing who benefits/suffers from rising land values	
20-34 year-olds living with parents in 2013 ³	3,300,000
35-65 year olds living with parents in 2013 ⁴	510,000
Older adults living with children etc	?
Lodgers ⁵	950,000
Shared homes (that only count as 'one household' for Census/ONS stats)	(900,000 homes) Over 900,000
Families living in other households	(1.3m families) Over 1,300,000
Communal living adults	500,000
Tenants total for UK	13,200,000
Estimate of number of adults who are not property owners in UK	Over 20.7 million (over 42% of adult population)

Table 2. Adults who are not property owners (October 2015)

3) <http://www.ons.gov.uk/ons/rel/family-demography/young-adults-living-with-parents/2013/sty-young-adults.html>

4) <http://www.ons.gov.uk/ons/rel/family-demography/young-adults-living-with-parents/2013/sty-young-adults.html>

5) http://www.pearlslaw.co.uk/ard/enews_article.asp?ID=3233&AID=1256&CID=2



**HENRY GEORGE AND THE CRISIS OF INEQUALITY:
PROGRESS AND POVERTY IN THE GILDED AGE**

BY EDWARD T. O'DONNELL

Reviewed by Simon McKenna

Columbia University Press, 2015

ISBN: 0231120001

This excellent biography provides an insightful survey of the political context in which Henry George's economic genius found fame and his message found its greatest influence. Make no mistake: George lived in a time of deep division between rich and poor, of violent political discord and economic turmoil remarkably similar to the divisions and struggles calling for attention in our own. The similarities of our new Gilded Age and of George's are striking, but will be easily grasped by everyone who reads this biography. This review wishes instead to note three anomalies uncovered in O'Donnell's thoughtful retelling of George's eventful life that raise significant questions for campaigning Georgists today.

Henry George and the Gilded Age describes George as "born between two revolutions". The industrial revolution unfolded before his eyes, with its glittering towers and industrial deprivation subsuming all in the caprice of a corrupt nouveau riche. However, a Golden Age was also present to him. His grandfather was a living representative of a premarket world order. This traditional order aspired to virtue and praised the "common good above private interest". Men of that generation considered themselves the true embodiment of "republican citizenship".

George shared this memory of a utopian "moral economy" with his generation. It stood as the value by which they could measure the claims of the new age. The emerging industrial world order, if it was to have any legitimate claim to justice, would have to be more than merely being entitled to vote and to work, it would mean having an equitable access to non-alienating work, to

be able to enjoy the process and rewards of one's labour. The republic was not won from the clutches of a European aristocracy only to be replaced by an American plutocracy. Today, utopian visions, be they of Little England or of making America 'Great Again', have great political power enough to outweigh prudential economic considerations. What commonly held utopian ideals should Georgists access?

O'Donnell notes how George's success, in person and in print, was in significant measure due to his being able to communicate the moral outrage of systematic economic injustice to "workers who did not possess a formal education". He communicated economic problems in terms anyone could understand because he was fluent in the tongue of an authentic, living Christianity. His "evangelical Millennialism" articulated a God given ethical critique of immoderate wealth, which everyone recognised then but with which we are now less well versed. Such insights remind us of the political significance of Nietzsche's 'death of God': Without the shared experience of an ethical universe such as Christianity once provided an uneducated church going public, how are we to articulate a comprehensive vision of justice?

According to O'Donnell's account, another aspect of George's political success, which differs from our situation today, is how closely he collaborated with the heroic labour movements of his time. In America and in many countries across the Western World, justice movements explicitly recognised the importance of land and infrastructure in the cultivation of inequality. The Land Wars were waged in Ireland and the people of New York were well aware that public funding had financed the construction of a new (and newly privatised) tram network. George was able to capitalise on this awareness and direct a passionate revolt against the unjust rich to extraordinary effect in the mayoral election campaign of 1886.

O'Donnell brings the excitement of the campaign to life. Reading about it is exhilarating despite knowing defeat is inevitable. The spirit and the innovations of the campaign are inspiring but the story of how things fell apart after election night, although heart breaking, are of equal importance. With respectful disinclination but with professional accuracy, O'Donnell reports how George loses the support of the unions. He is accused of being more interested in furthering his "pet project" (implementing a land tax) than in the interests of those who made him famous and who still needed him. George's political decline provides occasion for reflection. Is there a greater good than a Single Tax that will allow Georgists to unite with those who seek to serve the disenfranchised today?

This timely and respectful biography sensitively captures the personal narrative and the political zeitgeist of the times in which George fought for justice. Readers will be impressed anew by George, who was without doubt a true visionary and a good man. Yet we learn he was by no means alone. We are left with the realisation that beyond George's own unique gift to political economy, his success consists in the connections he made to the deeply held principles of the people and the labour movements of his time. O'Donnell implicitly challenges us to learn from George's example so as to learn from history even as its conditions again arise before *our* eyes. ■



theIU

THE INTERNATIONAL UNION FOR
LAND VALUE TAXATION & FREE TRADE

A Conference organised by
The Henry George Foundation of Great Britain and
The International Union For Land Value Taxation and Free Trade
as a contribution to the United Nations Habitat III New Urban Agenda

Commons Rent for The Common Good Implementation

17 - 18 September 2016
11 Mandeville Place , London, W1U 3AJ
(Courtesy of The School of Economic Science)

This conference will provide an opportunity to discuss key questions that any government seeking to implement **Land Value Based Fiscal Reform (LVBFR)** must answer. It is in connection with the International Union For Land Value Taxation and Free Trade's "Consultative Status" with the UN's Economic and Social Council, (ECOSOC) and their representation at UN's Habitat III conference on Housing and Sustainable Urban Development in Quito, Ecuador in October 2016. This will be the first Global Summit and implementing conference flowing from the United Nations 2030 Agenda for Sustainable Development and the new Climate Change Agreements.

The format for the London Conference is designed to be fully participative so that (in addition to pre-booked speakers) everyone present will have an opportunity to offer constructive responses to each of the "Seven Key Questions" that will be discussed during seven seventy five minute sessions. Four plenary sessions will take place on each day (0900 - 1800hrs) and ample opportunity will be provided for social interaction and networking. Nobody should leave the conference with ideas that are unchanged.

Seven Key Questions

1. **What is the optimum form of LVBR and what administrative mechanisms are needed for implementation?**
2. **How would LVBFR be integrated with the regulation/planning of land use.**
3. **How would LVBFR contribute towards good, secure, affordable housing ?**
4. **How may LVBFR be made a politically acceptable?**
5. **How, for the provision of public infrastructure and affordable housing, may private sector finance be accessed and properly rewarded whilst retaining all associated rent as public revenue?**
6. **How should Monetary Reform and Tax Free Production & Trade feature in plans for LVBFR**
7. **How may legal, political and economic obstacles to LVBFR be overcome and what are the lessons we need to learn from history?**

The Conference is Free to all who register by email to office@henrygeorgefoundation.org or by telephone to Henry George Foundation at 0800 048 8537 or Mobile 07753618558 (David Triggs)

SAFEGUARDING WITH LAND VALUE TAXATION

The case for basing public revenue on the rental value of land rests on a recognition that every land plot's value depends upon, and is due to, the presence, protections, permissions, and services provided by the whole community within which it exists. Thus the abundance or scarcity of any of these factors will affect a plot's rental value.

The importance of 'permissions' is recognised in the condition that valuation needs to be based upon the plot's 'best permitted use'. Thus determination of every site's 'best permitted use' becomes a prerequisite to valuation. In the UK local regulation of land use is via a 'Planning System' and for England and Wales that is overseen centrally by the Secretary of State for Communities and Local Government.

An important effect of LVT would be to replace the 'winners' and 'losers' feature of planning disputes (arising from conflicting pecuniary interests of those proposing a change or development and their neighbours) with one where the community could take the impact on public revenue into account alongside its considerations regarding social and environmental concerns. So-called losers would be compensated by a reduction in their LVT whilst winners would see their charge increased.

The community's economic arrangements and in particular the way it regulates land use and land value within its domain will have a profound effect on the quality of life available to its inhabitants.

Every form of human activity is marginal somewhere i.e. where it is only just worthwhile for someone to engage in that activity. Likewise there are Prime Locations where many people would like to engage in such an activity and there is much competition to do so. There are thus, for example, prime and marginal locations for every form of agriculture, for every form of manufacturing, for every form of trading and exchange, entertainment, recreation, study and residence.

In like manner, every nation, region, state, city, town, village, neighbourhood and street is well suited for some forms of activity and ill-suited for others. As in a healthy garden or managed park that is characterised by a wide diversity of organisms a healthy economic community is characterised by being able to support a diverse range of healthy human activities where people are able to serve and be served by each other. In an ideal society people would be able to do this in a manner consistent with their own aptitudes and the realisation of their potential. In such a society the socio-economic goal would be an increase in overall happiness rather than a proliferation of demand for more and more disposable 'stuff', and trivial or even anti-social, so called services.

In every area the permitted uses of land have a direct effect on land value and were this to be collected as public revenue it would become possible to intelligently coordinate these two essential responsibilities of government in order to facilitate the development of an economy that operates in the best interests of both individuals and of the community as a whole.

A local planning authority may achieve this by allocating certain areas of land to specific uses much as it does already in respect of a range of infrastructure works, public service facilities, industrial, retail and commercial zones etc. The issue by a local council of a 'premises licence' for certain 'licensable activities', for example music, dancing, drinking, eating, gambling etc., is a further example of existing practice. Local councils could likewise allocate space for socially beneficial individual use where market pressures alone would operate to render certain socially beneficial activities economically unviable. Locations where even the cheapest housing has been rendered unaffordable to people seeking to earn their living nearby come to mind and may be compared with the allocation of piped water in a water scarce areas of the developing world. Left to the market alone, poor people are routinely denied satisfaction of their need for a basic supply because rich people are able to outbid them as they demand water for discretionary or luxury purposes.

Today some enlightened landlords with multi-tenant portfolios, in the interests of overall harmony, profit, or sentiment choose to enable certain businesses, shops or residents to occupy particular sites on their estates by charging less than the maximum possible rent. A public authority that, through LVT was collecting land rent, could do likewise by permitting only certain low rental uses for some of the sites within its jurisdiction.

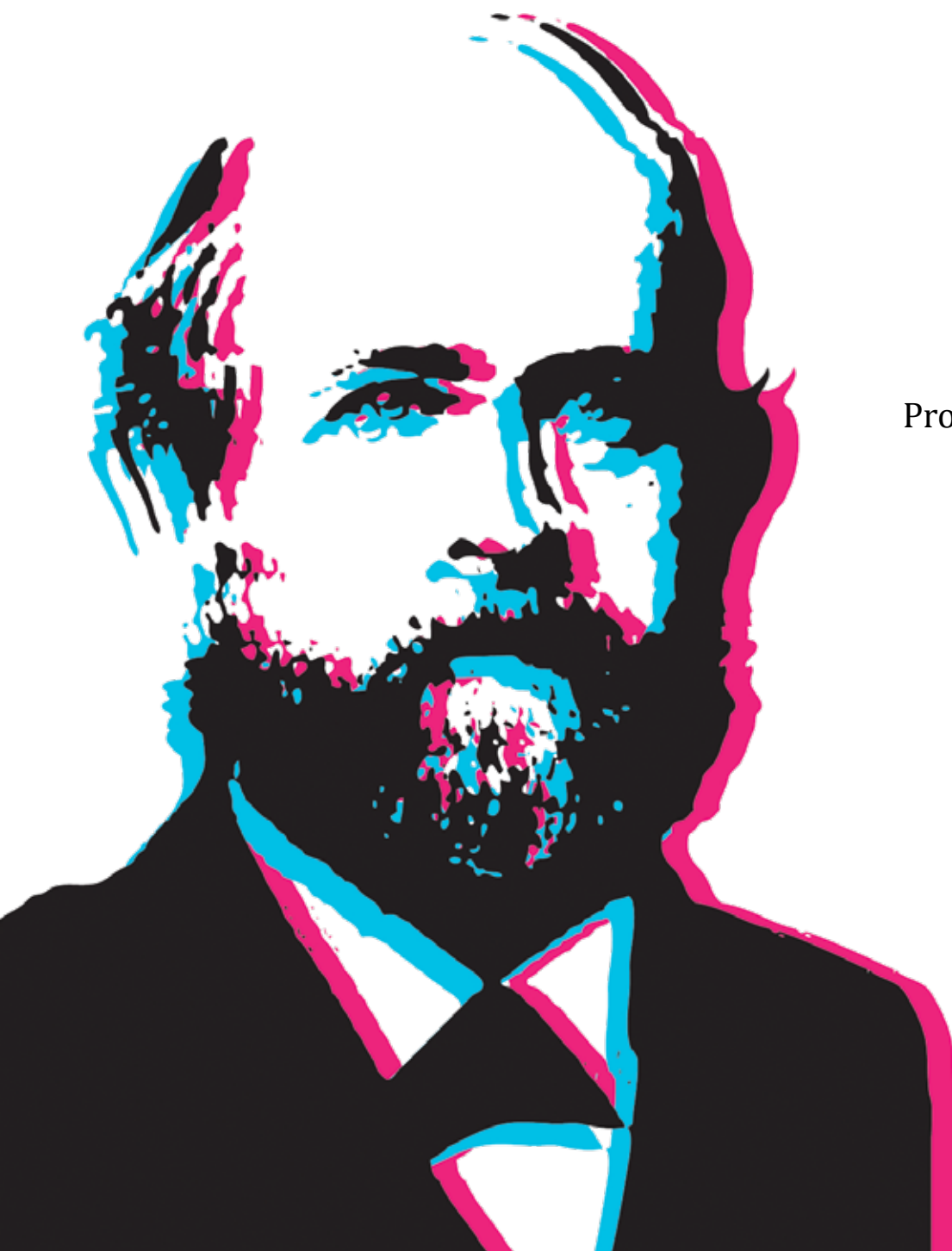
Potential tenants could then compete for such sites. Under prevailing conditions some sort of activities might only be viable with a 'negative land rent'. The community would then decide if this was in the whole community's best interests and award or not accordingly.

On a national scale we may recognise how many industrial regions and towns that grew rapidly in response to economic circumstances that have long past, now house millions of un, under and mis employed people dependant upon soul destroying jobs or social security payments. The situation would clearly be improved by the replacement of taxes on production with LVT, but would it operate quickly enough to prevent further widespread social disruption and emigration by the most able working age people? Could negative land rent be useful on a regional, national or even global scale? How extensive is a secure economic community where all are interdependent and none are self-sufficient? ■

...OF WHICH A CENTURY
AGO THE BOLDEST
IMAGINATION COULD
NOT HAVE DREAMT.

”

Henry George,
Progress and Poverty 1879



To find out more visit
www.henrygeorgefoundation.org
or
www.landandliberty.net

Our Philosophy



What is Land & Liberty?

Land&Liberty, a quarterly magazine published by the Henry George Foundation, has chronicled world events for over 100 years. Dedicated to promoting economic justice along lines suggested by the American writer, social reformer and economist Henry George, it offers a unique perspective to stimulate debate on political economy with its reports, analysis and comment.

Who was Henry George and what is special about his ideas?

In 1879 George published one of the best-selling books on political economy ever written, *'Progress and Poverty'*. By the twentieth century the wisdom he expounded was recognised and supported by many of the world's most respected thinkers including, Tolstoy, Einstein, Churchill, Keller, Shaw, Huxley, Woodrow Wilson, Stiglitz, and Friedman. Today, as the world faces environmental and economic crises, we believe George's philosophy is more relevant than ever. But, as George foresaw in *Progress and Poverty*, and is inscribed on his gravestone:

"The truth that I have tried to make clear will not find easy acceptance. If that could be, it would have been accepted long ago. If that could be, it would never have been obscured."

Today Henry George is mostly remembered for his recognition that the systems of taxation employed in his day, and which continue to dominate fiscal policy in the UK and throughout the world, are unjust, inefficient, and ineffective.

He saw how taxes discourage wealth creation, positive economic activity and employment and prevent people and nations from realising their full potential. By ignoring property rights they involve theft and encourage dishonesty and environmental abuse. In short, as a method of raising public revenue, they fail. By offering an alternative, George also showed that taxes are unnecessary.

George realised that some land at particular locations acquired a value that was not due to the actions of any individual or firm but was due to natural influences and the presence, protections and services provided by the whole community. He saw that this value grows as the need for public revenue grows and is sufficient to replace all existing taxes. This could be collected by levying a charge based on land values and is commonly referred to as land value tax or LVT. However, George was clear that this is not actually a tax but is a rental payment individuals and groups need to pay to receive exclusive use of something of value from the whole community, i.e. the exclusive possession of a common, limited and highly-valued natural resource.

Henry George's ideas were not limited to his proposal to change taxes. His

profound body of theory also included issues such as: the difficulties inherent in the study of political economy, the fundamentals of economic value, a proper basis for private and public property, trade, money, credit, banking and the management of monopolies.

Key to 'the truth' that Henry George tried to make clear is that every thing is bound to act in accordance with the laws of its own nature. He saw that these laws of nature operate everywhere, at all times, and throughout a creation that includes man and society and the worlds of body, mind and spirit. Further, that people and societies can only behave ethically and succeed in their own designs where they take proper cognisance of, and act in harmony with, those natural laws.

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