

## Hungarian Tax Reformers Muster Political Backing

GEORGIST activism in Hungary could yield important results, if the depth of goodwill is finally translated into legislation.

This was the conclusion drawn by Godfrey Dunkley, President of the International Union for Land Value Taxation and Free Trade. Visiting Budapest in August, he met members of the Hungarian Henry George Society, who then arranged top-level meetings with politicians and officials:

**Gyula Gaal**, M.P. (Liberal), Vice-Chairman of Parliament's Budget Committee, who in recent months has repeatedly advocated in public the introduction of a land value tax. Mr Gaal stressed that to him this was the only acceptable kind of property tax and that he would appreciate any material on international experience that supported his case. Mr Dunkley explained that the tax on land value should first of all result in the reduction of the currently very high social security contribution which was the prime cause of unemployment.

**Viktor Ormosy**, Director in Charge of the Municipal Section in the Ministry of the Interior. Mr Ormosy repeated a previous promise to support the proposal worked out by Mr Miklossy (see below).

**Ivan Vitanyi**, M.P. (Socialist), Chairman of Parliament's Cultural Committee and of the National Committee of the Hungarian Socialist Party, who is a member of HHGS). Dr Vitanyi said that while his lifelong activities lay in the field of the sociology of culture, and he is not an economist, he would use his influence to support land value taxation whenever the subject comes up.

**Marton Tardos**, M.P. (Liberal), Chairman of Parliament's Economic Committee. Mr Tardos said that his father having been a Georgist and his wife being the grand-daughter of Gyula

J. Pikler (who introduced land value taxation in Budapest in 1917) and who published the Georgist Journal *Allam es Polgar* (State and Citizen) for decades, he (Tardos) had not to be convinced of the soundness of Georgist principles. He wanted to discuss how they could be applied in today's Hungary. He also said that he regretted that a couple of years ago his possible participation at a conference arranged in Russia by Fred Harrison had come to naught. With his knowledge of Russian and good relationships with Russian economists he would gladly participate in any future conference if his advocacy could help.

**Andre Miklossy**, Director General in charge of the Department for Regional Development of the Ministry of the Environment and of Regional Development (member of HHGS). He received Mr Dunkley in the company of Bela Varga-Otvos, editor-in-Chief of the periodical *Falu — Varos — Regio* (Village — Town — Region). He is a member of HHGS. Mr Miklossy has worked out a plan for the introduction of land value rating as the sole revenue of municipalities — to replace the present sharing of income tax between central and local government and sundry local taxes — and he hopes to have it accepted by his ministry shortly. It will then have to be submitted to the government by his Ministry, the Ministry of the Interior and the Ministry of Finance.

Tardos, Vitanyi and Gaal promised to give the proposal political support when it comes up from the administration. (Hungary's government is at present a socialist-liberal coalition.) Miklossy asked Mr Dunkley whether it would be possible to send somebody (who would not necessarily be a ministry official) to South Africa to study the valuation process in Johannesburg or some other suitable city. Mr Dunkley

thought that this could be arranged — as long as it did not involve any expenditure to the valuation department involved. It was agreed that a request to this effect should be sent to Mr Dunkley on the Ministry's letterhead and that after a positive reply the matter should be pursued with the embassy of the RSA in Budapest. — Tamas Tetenyi, Under-secretary of State in the Ministry of Finance. Dr Tetenyi was Mr Dunkley's only interlocutor who had only a faint inkling of Georgism; he received Mr Dunkley in lieu of Secretary of State Tibor Draskovics who had been called away to attend an urgent conference on municipal revenues, which was to be discussed in the council of ministers next day. Tetenyi is in charge of working out a new housing policy concept by the end of September and was glad to accept Mr Dunkley's offer to send him a paper which he had presented to a conference on this very subject a few years ago. Dr Tetenyi would also welcome any material that he might use in the preparation of the budget reform and tax reform which is now being elaborated for submission to Parliament before 1998.

Mr Dunkley also met Zsuzsanna Karpati, a member of HHGS who is an economist who has written a number of articles on land value taxation in several newspapers.

These meetings were arranged by Arpad Fay and Charles Ravasz. The politicians were all extremely interested in a land tax, particularly at local government level as a starting point. Many pertinent questions were raised about details of application and they would welcome assistance in methods of establishing a valuation roll. This will be taken up with officials at some South African cities which apply site value rating and which regularly update their valuation rolls.