

# 1 OPEN FORUM

Land and Liberty Summer 1996

## MESSAGE FROM MOSCOW

GEORGIST activists meeting informally in Moscow found that they shared the view that there was a need for a radical shake up in the worldwide approach to promoting land-and-tax reform plans.

They met in the Hotel Rossiya, next door to the Kremlin, on May 22 - the day after presenting evidence at a congress on land policy co-organised by the State Duma of the Russian Federation and the London-based Land Policy Council.

One point on which they were not able to reach a consensus was on whether the use of the word tax should be abandoned when characterising payments made by owners and tenants for the benefits they received as a result of the occupation of land.

Most controversially, the group felt that existing Georgist organisations ought to be willing to increase their spending to promote general public understanding of the philosophy associated with American social reformer Henry George. They believe that these organisations - some of them richly endowed to the tune of over \$10m each - were trustees of the philosophy rather than the funds.

Said LPC chairman Ronald Banks after the meeting: "Nobody suggested spending funds with gay abandon. There are times when it is better to conserve resources, but we felt that the 1990s offered opportunities which favoured intense promotional activity for which funding is required. There are ample worldwide resources to achieve much more than we are doing at present. Yesterday we worked with the Russian Parliament to present a congress on land policy, and this was the outcome of work performed on a shoestring and almost exclusively as a result of donations by

individuals around the world. Think how much more could be achieved if our multi-million dollar organisations were willing to direct their resources according to a strategic plan designed to impress governments of the wisdom of the Georgist philosophy".

A statement was issued after the meeting listing the points of agreement:

WE BELIEVE that Georgist organisations worldwide have not been as efficient as they could be. We should

- begin** an open discussion regarding investment and spending strategies, our view being that there has been too much concern in preserving the "Nest Egg" at the expense of promoting the cause.
- finance** the creation and distribution of books on a continuous basis, published when possible by good commercial or university presses. An important objective of this effort is for one or more of these books to capture the public imagination in the manner of George's *Progress and Poverty*.
- pool** our resources to produce a popular world-wide journal, relinquishing our individual journals and publications (to the maximum extent possible).
- support** a coordinated effort to extend our educational activities to the internet, as well as investigate the use of CD ROMs and other new technologies in our educational programmes.
- inform** known activists in less developed countries in an effort to forge partnerships and thereby identify opportunities for implementing our model of reform as an example to the rest of the world.
- identify** a general strategy for achieving significant break-throughs in each developed country, and particularly those where there are Georgists actively engaged in reform.
- create** a membership-run organisation with the sole purpose of raising funds to support activism, distributing all (but a small operational reserve) of its annual income to finance the activities most likely to further the above aims. An elected programme committee would evaluate programme submissions, make recommendations to the membership, who would vote approval or rejection.
- finance** the development of a computer-based, multi-factor statistical forecasting model of the economies of particular countries. These studies ought to become the basis for consulting services to governments and private groups on a contract basis.
- incorporate** into analysis a deliberate interdisciplinary approach that stresses not merely economic efficiency but issues presently treated as part of political science, the law, sociology, anthropology etc.
- establish** an international scholarly forum for the discussion of socio-political principles, public policy issues and the implications of collecting rent as public revenue. If possible this forum ought to be conducted at a permanent centre that would also house research, educational programmes and activist training.
- not overstate** the benefits to be obtained by steps in the direction of public collection of rent, especially small steps.
- initiate** discussion on the issue of

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## Land-rent: the sole source of revenue?

A CAUTIONARY note against expecting too much from a land-rent policy has been issued by the Chairman of the Economic Committee of the Hungarian Parliament.

Mr. Marton Tardos was speaking at the Congress on Land Policy held in Moscow on May 21. His country has important historical evidence to contribute to the debate on fiscal reform, and Mr. Tardos is intimately familiar with that evidence: he is married to the niece of Dr. Julius Pikler who undertook the valuation of 35,000 sites in Budapest in preparation for the direct taxation of the rent of land in 1917.

Dr. Pikler's views on land taxation were expressed in an address to the Copenhagen conference of Georgists in 1926. He said: "I am able to concentrate my experience in land valuation into one single sentence, namely: that all that our great teacher Henry George has said about the practical working of a pure system of land value taxation, has not only - by the first slight trial - proved true, but has been confirmed beyond all expectation".

Dr. Pikler said that the valuation process required no exceptional ingenuity. "No more brain is necessary than every site-owner or real estate agent possesses. All that is required is a common and average amount of intelligence. And that this is the case, is one of the fundamental features and beauties of Georgism.

"The assessment of taxes in the Georgist system is no special science and no secret, it is not - as in the present social system - a mystery which only the priests and the high priests of taxation are able to probe, and which mystery the tax payers, the people assessed, are not able nor allowed to understand".

Dr. Pikler's address was reported in *Land and Liberty* (September 1926,

page 206). He said that the prediction by Henry George, the author of *Progress and Poverty* (1879), that the citizens would have faith both in the justice of the valuation and in the justice of this taxation system itself was also fulfilled. "Our citizens called this tax 'place money,' and expressed in this brief and true name the simplicity of the taxation system as well as its justice: equal value, equal tax."

The other virtues included:

- The simplicity and honesty of the valuation method excluded pressure either from the valuation officers or the citizens, who found themselves obliged to collaborate.
- Citizens ceased to be subject to bureaucracy.

Dr. Pikler concluded that "it has become clear already in this small beginning of a new system of taxation and society that it differs from the present system of taxation and society, not in degree, but in kind."

This new approach turned out to be a short lived experiment followed by the disruptions of a world war and the socialist experiment which has now been abandoned. Unfortunately, Hungary is not about to benefit from the wisdom of Dr. Pikler and his associates. His niece's husband, Marton Tardos, told the Moscow congress on May 21 that "under present conditions it is not enough to collect only rent as public revenue. And I want to emphasise that land is also a factor of production, a capital tool. Land rent can't be the only source of public revenue. If you have no private ownership of land, if there is nobody thinking about the optimal use of land, the re-structuring of land use, then our market will not work in a correct way.

"I do agree with the ideas that laws should put restrictions on the use of land. The owners should not be free to do what

they like. But private ownership should play its role. In the former socialist countries it was impossible to go ahead without privatisation. Speculation is the mechanism that helps the modern process of adaptation to the new market conditions".

Mr. Tardos also believed that there were taxes other than the one on land rent that did not have a negative impact on the economy. Nonetheless, he did concede that "the role of land rent is of prime importance". For example, he said, the rents from mineral resources generated income that enabled a government to reconstruct the economy.

### MOSCOW

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compensation for those who lose from the implementation of public collection of rent.

- finance an academic programme, M.A. or PhD, to encourage scholarly work from a wider range of scholars on issues of concern to us.

PARTICIPATING in the discussions were:

- Ronald Banks**, chairman, Land Policy Council, London.
- Edward Dodson**, former president of the Henry George School of New York;
- Dr. Kris Feder**, Associate Professor of Economics, Bard College, New York;
- Fred Harrison**, Director, Land Policy Council, London;
- Dr. Michael Hudson**, former consultant to the Chase Manhattan Bank;
- Sir Kenneth Jupp MC**, former English High Court judge;
- Dr. Duncan Pickard**, former Leeds University lecturer;
- Dr. Nicolaus Tideman**, Professor of Economics, Virginia Polytechnic Institute & State University, Virginia.