

# Land – the no. 1 asset

**F**ORMER Congressman Thomas B. Curtis launched a scathing attack on U.S. federal financing in a recent speech in which he urged the need to tax land more effectively.

Statistics on the wealth of the nation were abandoned at the federal level in the 1920s, he said, and were now deliberately avoided.

The Economic Indicators prepared monthly by the President's Council of Economic Advisors followed the same format set in 1950.

"It is unchanged, measuring economic activity seemingly with a deliberate avoidance of measuring any aspect of wealth," he complained.

Mr. Curtis, a member of the Lincoln Institute of Land Policy, said that the property tax was unique because it expanded the tax base. He cited the case of education.

"Such expenditures made from the proceeds derived from wealth increase rather than dampen the tax base.

"Property, when it is taxed to support good schools, sewers, fire protection, police, and other community facilities, increases in value substantially beyond the specific tax paid.

"It is the only tax in the bag of taxes our society uses which attains this result."

All other taxes, he pointed out, cut into the tax base.

When public expenditure is financed by the property tax, the taxing authority is the same as the spending authority.

Unfortunately, said Mr. Curtis – a Republican who campaigned to get Ronald Reagan elected as President – the present Administration in Washington has forgotten the basic theory about fiscal policy: that tax policy cannot be separated from expenditure policy.

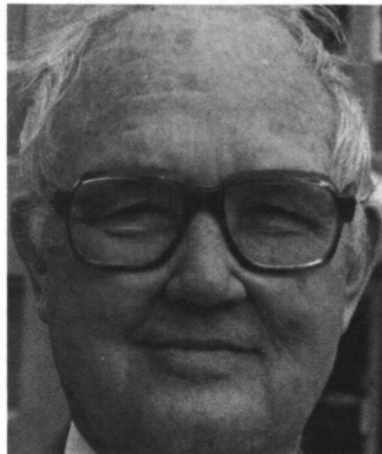
Budget Director Donald Stockman, he declared, did not know what a capital budget was.

Land, argued Mr. Curtis, was the capital asset *par excellence* with the greatest "shelf time." It was unique in that it included space, and was "mother earth from whence almost all other capital assets came."

The property tax, however, was

By **PETER POOLE**

now the Cinderella of the taxes, "responding beautifully since World War II to our social needs, but needing a little grooming, a few new clothes, and certainly a little attention and understanding, a little tender loving care, and certainly less abuse."



● Thomas Curtis

**M**R. CURTIS recalled that in 1879, Henry George had argued that land was important and should be put to its most efficient use.

Despite the increasing sophistication of the social sciences since then, economists with PhDs had seriously neglected the study of wealth.

"Perhaps they believe that if capital is ignored, it will wither away. In 1920 those who were on the scene simply said 'Let's stop trying to measure it because it is too difficult to measure'."

But the time has come for a change, insisted Mr. Curtis.

"We must start developing political science and remove it from the alchemists who are perverting it, just as we need to remove economics from the astrologers who fabricate wierd patterns out of the blinking stars and predict all sorts of nonsensical futures for us."

A historical study of land utilisation would produce sound conclusions.

"The utilisation of land in America provides a very neat opportunity because the data covering only about 400 years are available and retrievable.

"And we are still in the era of transition – we are not yet in space and in hydroponics, so we need to learn much more about the efficient use of land and apply that knowledge to our daily lives.

"The essence of land reform in what we smugly refer to as the undeveloped world lies in a system of rational real estate taxation.

"Well, we are only a developing nation ourselves and we have much to do in land reform through developing a more rational tax system.

"We can begin by considering the site factor of land – as Henry George suggested 100 years ago."

## EIRE

### *The politics of tough talk but little action*

**D**R. GARRET FitzGerald, the Fine Gael Leader, formed the coalition government in Dublin after doing a deal with the minority Labour Party.

Labour originally drew up a list of strong demands as the price for entering into partnership with Fine Gael.

One of its demands was a 90 per cent tax on profits from the sale of development land.

Talks between the two parties resulted, sure enough, in the coalition. But in the end, the only clause in

their agreement affecting property was the decision to impose a property tax on people living in houses valued at more than IR £65,000.

Economics the *Political Science*

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