

1964

THE GEORGIST PHILOSOPHY TODAY

by P. I. Prentice

What I want to say to you tonight is too important to confuse with a lot of words. What I have to say is simple and direct, so it will take very few words to say it, and it can be better said with few words than with many.

The important thing I want to tell you tonight is that you are really very important people who have done something that is really very important to the future of millions of people in this country and very important to hundreds of millions of people in other lands.

I suppose it would sound pretty silly to liken you to the three hundred Spartans who held the pass at Thermopylae against the myriad hosts of Persia, for you don't look very military, and it would be just as preposterous to liken you to Washington's little army of ragged continentals holding out through that long and icy winter at Valley Forge, for you don't exactly look ragged and, heaven knows, it isn't cold here tonight, and anyhow nobody has been shooting at you with a flintlock.

You don't look like a band of heroes and heroines, but nonetheless what I want to say to you tonight is, quite simply, you have fought the good fight, you have held the fort, and now at last we are beginning to win.

You have kept the faith alive when too many of the great and powerful and learned mocked and derided you. You have held fast against the vast vested interest in land speculation. You have raised a standard to which the wise and honest can repair. You have saved one of the great social philosophers of all time from being forgotten; in fact, you have made it impossible to forget and ignore his teachings.

For this the world in time will indeed have cause to be grateful to you -- and perhaps that time will be sooner than we have dared to hope.

There is nothing so powerful as an idea whose time has come, and now each passing week brings cheering new

evidence that the time is drawing near for the great ideas you have helped keep alive through so many years of discouragement.

Perhaps a little personal note will help dramatize the sudden change in men's thinking. Not long ago a friend of mine was riding in a crowded elevator at the University Club here when he heard a stranger mentioning my name. Said the stranger: "I used to think Perry Prentice was making a fool of himself by preaching land value taxation, but now by golly I'm beginning to think he's right."

More and more important people are beginning to realize the importance of taxing improvements less and taxing land more. Says Professor Colin Clark of Oxford, who is fast taking the late Lord Keynes' place as England's most honored economist: "Today any good economist can demonstrate that the land tax is just about the only tax that does not discourage enterprise."

Reported the Mayor's Special Planning Commission here in New York: "No amount of code enforcement can stop the seemingly unstoppable spread of slums until and unless the profit is taken out of slums by taxation."

Says Robert Hutchins, who won international fame as president of the University of Chicago and now heads the multi-million-dollar Fund for the Republic: "Today's property tax reflects and promotes almost every unsound public policy anyone could imagine. The remedy is absurdly simple: It is to take the tax off improvements and put it on the land. The owner would then be taxed on what the community has done for him by increasing the value of his land. He would not be punished for what he had done for the community by improving his land and putting it to good use."

But comments like these from men in high places are perhaps less important than the growing consensus among disinterested students of the land problem. Last winter Dean Gillies -- Director of the Real Estate Research Program at the University of California in Los Angeles -- said to me: "I think almost everybody out here is beginning to agree it is important to tax land much more heavily." And Fortune Magazine goes much further, spelling out in so many words that "There is evident inequity in a tax system that puts most

of the tax burden on improvements. Inflated land prices are now the biggest U.S. housing problem. Wages and prices have not kept up with land prices, so more and more Americans are paying more and more of their incomes for the privilege of living on earth. The high cost of land has produced the urban sprawl and this in turn required needlessly high taxes to pay for the stretch-out of roads, school bus routes, sewer, water, and utility lines past scattered acres of vacant land, which is now set apart from the market action of supply and demand by preferential tax treatment."

After spelling all this out, Fortune then goes on to report that: "In most areas there is growing local demand for higher taxes on land with an accompanying reduction in taxes on improvements."

It's always easier to see the moat in somebody else's eye than to admit the beam in our own, so it is hardly surprising that Americans are more ready to recognize the need of land reform in other lands than to admit that it is needed just as much right here at home. Pretty much everybody is beginning to understand that without sweeping land reform there is not much hope for much of Latin America. Pretty much everybody is beginning to agree that the abuse of private property in land is playing right into the Communists' hands in many lands whose governments we are spending billions of foreign-aid dollars to keep in power. Pretty much everybody realizes that Castro could never have taken over Cuba if wealth there had not been so shamefully maldistributed with the landowners undeservedly rich and most of the people intolerably poor.

Many people would now agree that it is one of the great tragedies of history that the Russian Revolution, whose number one cause was the abuse of land ownership by the Russian nobles, swerved aside to follow the Communist lead of Marx and Lenin instead of following the lead of Russia's greatest humanitarian, Count Leo Tolstoi who was a disciple of Henry George and said: "Solving the land question means the solving of all social questions... Possession of land by people who do not use it is immoral -- just like the possession of slaves."

Many people would also agree that it is another of history's great tragedies that the Chinese Revolution like-

wise followed Marx and Lenin and Chou en Lai down the road to ruin instead of following the path laid out by China's great philosopher-president, Sun Yat-Sen, another disciple of Henry George, who said: "The (land tax) as the only means of supporting the government is an infinitely just, reasonable, and equitably distributed tax, and on it we will bound our new system."

It's fine that almost everybody here is beginning to see that everybody else needs land reform, and it's fine that so many people are beginning to realize that land reform abroad should include land value taxation, but I think it is much more important and much more encouraging that people are beginning to recognize the importance of land reform right here at home and people are beginning to see that reform must begin with the great tax reform whose economic impact and moral rightness Henry George so nobly and eloquently dramatized.

It is nonsense to say Henry George is out of date and his message no longer holds true in today's vastly changed and changing world. The fact is that Henry George was so far ahead of his time that the full importance of what he preached is just beginning to be felt. In Henry George's lifetime the moral case for full land value taxation was that the market price of unimproved land derived, not from what any past or present owner had done to make it valuable, but on what other people had done by building a community around it. Today that moral case for land value taxation is far, far stronger, for in these days land is almost unsaleable unless the community has spent thousands of dollars for many-times-more-costly schools, libraries, highways, streets, sidewalks, water supplies, sewer lines and sewage plants to make the land easily accessible and pleasantly usable. In other words, the market price of unimproved land today derives very largely from an enormous expenditure of other people's tax dollars. For example, the New York Regional Plan Association says the tax payers will have to spend an average of \$7,400 to provide streets, sewers, schools, etc., for each added family of the New York area's population from now to 1975. That's another way of saying that if a lot sells for \$8,000, all but \$600 of that \$8,000 price will reflect what other taxpayers have spent to make that lot accessible and usable. So the moral case for taxing away the

owner's unearned increment in the price of his land is far, far stronger than it was in Henry George's lifetime.

In like manner the economic case for land value taxation is stronger today than ever before. In Henry George's time our cities had hardly begun to grow, so urban and suburban land prices had hardly begun to climb. In nine years since 1955 land prices have risen more than they rose in all the nine generations of American life on which Henry George could look back to develop his argument for land value taxation.

Inside our cities this tremendous price rise since 1955 has made high land costs the number one reason millions of poor families can't get decent homes. It is the number one obstacle making urban renewal impossible without big subsidies. Outside our cities high land costs have become number one cause of suburban sprawl forcing the homebuilders to leap-frog far out into the countryside to find land they can afford to build on, and now high costs threaten to price good new single family houses out of the market.

So Henry George is anything but out of date. America, like all the rest of the world, needs Henry George and his teachings today more than ever. And thanks to you dedicated Georgists who have been true to his faith through many years of public neglect, Henry George and his message are still alive today to meet our more and more urgent need for them.