

THE AMERICAN public is being cheated out of billions of dollars because of the government's failure to capture land values created by public investments.

"The cheating must stop," insists Mr. Gerry Milroy, a vice-president of the First National City Bank of Chicago, in an assessment of infrastructural needs in the United States.

"Trillions will be required to repair urban infrastructure. Suburbanites are shirking their responsibility for paying for the services they enjoy."

Mr. Milroy is calling for a national infrastructure plan that links construction projects, sewer development, airports and harbours and rail systems.

Such a plan is necessary to establish priorities, but funding it is a problem.

Mr. Milroy argues that this should be done by capturing land values created by public investments.

Fourteen states have passed enabling legislation for "tax increment financing". Under this system, construction is funded by the issue of municipal bonds, which are then paid off by increases in taxes on the value of improved property values.

Mr. Milroy insists that President Reagan's concept of New Federalism

Stop cheating the U.S. public – tax reformer

By Ian Barron

– reducing federal interest in national development policies and public works programmes – was "an idea whose time has come and gone. We are one nation."

In the past, however, the general public has not reaped the benefit of their investments. "Lucky property owners located at transit centres and water distribution centres have received windfalls," Mr. Milroy points out. Their property values have risen, but these were not taxed away for social purposes.

Mr. Milroy cites as an example the \$3.45 bn invested in the Washington mass transit system.

A Congressional study conducted by Mr. Walter Rybeck found that this investment had increased land values by at least \$2 bn, little of which was being recaptured to finance the original investment.

"The time has passed for us to continue to lose these kinds of benefits," says Mr. Milroy. "The value that we are creating through this public investment must be captured."

A crisis has emerged that must be met.

- The nation's infrastructure, such as sewage and transportation systems, are rapidly decaying; and
- Congress is not passing legislation to allocate sufficient money to pay for the necessary reconstruction.

"There is a need to find a creative financing system. This is where funding out of new property values would be a perfect solution," says Mr. Milroy.

- Congress has passed a four-cents-a-gallon petrol tax that will yield \$33 bn over the next five years. This revenue, says President Reagan, will be spent on repairing the nation's roads, sewers, dams and canals. Four thousand miles of inter-state highways need immediate resurfacing; another 26,000 miles is crumbling fast.

Justice Party hits snags in comeback bid



● Ib Christensen



● Niels Mølgaard



● Alfred Hansen

POUL Schlüter's minority coalition government in Denmark has survived its first major test in the Folketing (Parliament).

Austerity measures have been pushed through designed to tackle huge fiscal and current-account deficits and steer the country away from bankruptcy.

But Mr. Schlüter, who as Prime Minister of a four-party non-Socialist government commands 66 seats out of 179, does not expect a long run before the next general election.

And one of the parties preparing to return to the Folketing is the Justice Party, which was routed at the last election when it lost its five seats.*

However, the party – also known as the Single Tax Party – now finds its election campaign threatened by internal differences over fiscal policy.

After an inquest which followed the electoral disaster, Ib Christensen

retained the party leadership, and he will now lead 100 candidates at the next election. Among them will be two of the five former members of the Folketing, Niels Mølgaard and Alfred Hansen.

But the party is not yet concentrating its efforts on the forthcoming campaign – because of uncertainty among three of its nine-man executive.

This "opposition" consists of people whom the party calls "pure single taxers living on day-dreams and over-looking the fact that the country is in recession", according to one senior party member.

They believe that the bill for Denmark's welfare programme and unemployment benefits should be paid in full by a tax on land values. But the majority of the party's leadership rejects this – hence the divisions within the party.

Part of the "opposition" also

believes that the party should move away from a freely-exchangeable Danish Krone in favour of fixing the value of the currency to the German Mark. This has caused further irritation within the party because "they at the same time claim to be liberals going in for free trade", an executive member told *Land & Liberty*.

It is uncertain how long Mr. Schlüter will be able to retain power, but observers believe that a crisis election will come soon.

Because Denmark uses proportional representation, the Justice Party could play a part in establishing the next government. Whether it succeeds in doing so will depend largely on convincing the electorate that it is mobilised behind a realistic programme.

*J. P. Skou, 'Single Taxers wiped out in unnecessary election', *Land & Liberty*, July-August 1982.