

AN INVESTMENT PROPOSAL FOR GEORGISTS

By DAN SULLIVAN (Incentive Tax League of Pennsylvania)

Georgists understand fundamental laws of economics. We also have an economic proposal that we know will generate a tremendous increase in the production of wealth, but we have difficulty in getting acceptance of our proposals.

Georgists believe in individual initiative. Can we apply our beliefs to our own efforts, and draw on our own understanding about what brings progress?

We can be leading the real thinkers into profitable ventures and inspiring the world with our success.

I have heard Georgists claim that land tax is ultimately good for landowners. The more I examine the effects of land tax on communities, the more I am convinced that this is the case. It follows that, if we were landowners of a community, land tax in that community would ultimately be good for us.

Consider what would happen to rent if landowners used a large share of that rent to defray their tenants' productivity taxes.

Suppose you are a potential resident of a community. You make \$50,000 a year and you intend to build a \$100,000 house. In most communities, you would have to buy or lease the land, and you would also have to pay a 2% income tax and a 3% property tax. This would cost you \$4,000 a year in taxes.

In our community, however, we pay your taxes for you. If you build your home on our land, you save \$4,000. Naturally, our land is worth \$4,000 more to you than it would have been. If you pay most of this in a higher rent, it ends up costing you costing the landowner very little to pay your taxes.

There are other advantages as well. Except for common land, such as parkland, all the land in our community is leased to tenants like yourself. There are no speculators holding land idle - the rent is too high for that to be profitable.

In fact, our community will succeed in attracting other people like you - energetic hard working people who keep up their homes, who earn and spend money, and who normally would have to pay heavy tax bills. These are people who would find it worthwhile to pay a higher rent in order to avoid taxes, and they are generally ideal neighbors.

Unlike traditional landowners, who try to maximize profit by keeping their land idle until the price goes up, we will make the land value go up faster by removing the obstacle of taxation from the producers who live on our land, as we ensure that all land in our possession is put to optimal use.

Now is the time to act. Many city governments find themselves holding large parcels of blighted land. They are practically willing to give land to whoever can get it back on the tax rolls.

John Kelly, an investment broker in Peoria, Illinois has become particularly interested in the idea. He is negotiating with the city for an option on 39 blocks of vacant Peoria land abutting the central business district, complete with paved streets and infrastructure.

We have a well designed model, incorporating Georgist principles both politically and economically. It can be applied virtually anywhere.