



• Haim Darin-Drabkin

# The dreams and Henry

IT IS inconceivable that the thinking of Haim Darin-Drabkin was not influenced by his readings and knowledge of Henry George. While his massive intellect was perfectly capable of generating original ideas that paralleled those of George, sentences like these mirror the thoughts of the author of *Progress and Poverty*: "An exaggerated level of taxation of labour and capital may diminish the expected income from taxation and restrain economic activity." Or this, "One of the essential criteria of land taxation efficiency is the impact of taxation on land supply to the market. It may be suggested that taxation which reduces the demand for land and increases the supply to market, may be evaluated as an efficient tax system. Generally, a high rate of tax in comparison with the value of a good will increase the price of that good. Taxation of land on the contrary, may lead to a lower level of land prices."

Henry George's words were, "Taxes on the value not only do not check production as do other taxes, but they tend to increase production by destroying speculative rent. The value of land does not express the reward of production as does the value of crops, of cattle, or buildings, or any of the things which are styled personal property and improvements. It expresses the exchange value of monopoly. It is not in any case the creation of the individual who owns the land. It is created by the growth of the community."

The words of Henry George and Haim Darin-Drabkin are remarkably similar when describing the crucial role of land policy in an organized society. Here were two men whose commanding personal presence and powerful ideas were recognized and respected internationally. Both were prolific writers and forceful speakers. One prompted other authors to write books about him such as, Henry George, Dreamer or Realist, and the other dreamed of the day when seemingly insoluble land disputes had been resolved and historic enemies would live side-by-side as peaceful neighbors. Both proposed courses of action which seem eminently reasonable and logical with an equitable and just distribution of the benefits of land ownership as a goal.

Why then such a marked lack of progress in attaining those noble goals which seem so universally desirable? Perhaps the answer lies in the words of Darin-Drabkin, "Each social group tries to influence the use of urban land to further its economic interest and improve its way of living. The most desirable

• The contribution to land use policy by the late HAIM DARIN-DRABKIN, author of *Land Policy & Urban Growth*, is here assessed and compared with the American economic philosopher, Henry George. Mr Darin-Drabkin was one of the founders of the International Center for Land Policy Studies.

• Mr Woolery, who recently retired from his post at the Lincoln Institute of Land Policy, Cambridge, Mass., delivered the lecture at the Third World Congress on Land Policy in London from which this article is extracted.

By Arlo Woolery

space is utilized by the most powerful social groups." I'm sure if we insert the word individual for social group, we would still have the same type of thinking and approach. It is only natural for an individual or groups of individuals to seek a better lot in life. If an individual is powerful enough to influence the rules under which benefits of land ownership are distributed, he will exert that influence to favor his own self interest.

In most countries, the most powerful social groups are the most powerful political groups and their power stems in large measure from land ownership. Truly, there is power in the land and that power manifests itself in political strength. Asking these groups to give up some portion of their land and surrender its attendant political power is like asking the tiger to give up its skin.

Haim Darin-Drabkin saw land as both resource and commodity and fully recognized the difficulty of building community institutions which would insure for everyone, individual land use rights. He saw society's land use as a reflection of the priorities and goals of that society. He clearly saw the slow shift from the centuries-old struggle for agrarian land reform to the new battleground of our urban environment. Given a little more time to focus his insightful thinking on the absorbing problem of fair distribution of the benefits of land ownership, it is predictable that he would have achieved an even closer convergence with the land tax thinking Henry George formulated a hundred years ago. His conclusion may well have been that it is easier to forcibly tax all land than to forcibly redistribute ownership of a little bit of it. Fair distribution of land tax revenues is much easier than fair distribution of land itself.

This was the essence of the message that Henry George tried to get across in his book "Progress and Poverty." He wrote, "As population increases, land

# of Darin-Drabkin George..



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and hardly anything else but land, becomes more valuable. Land ownership levies its tax upon all of the productive classes. What is the remedy? To make landowners bear the common burden, tax land and exempt everything else." Good advice, you say, a solution to many of society's problems.

But consider this, Henry George gave some truly irresistible advice in some preceding paragraphs. He said, "Go get yourself a piece of land and hold possession. And if under such circumstances you take this advice, you need do nothing more. You may sit down and smoke your pipe, you may lie around like the Lazaroni of Naples or the Leperos of Mexico, you may go up in a balloon, or down a hole in the ground, and without doing one stroke of work, without adding one iota to the wealth of the community, in ten years you will be rich." Is it possible that this is the message that many readers of "Progress and Poverty" chose to hear rather than Henry George's clarion call to tax land and nothing else.

Most men aspire to be rich, and if they can do so by the mere getting of a piece of land, then most men will do their utmost to get that piece of land. Those who already own land will try to hold on to what they have and buy more. Rare indeed is the individual who will donate all or part of his land to the community or volunteer a portion of his land rent for community projects. It is human nature to take what Henry George was making as part of a problem statement and turn it into a method of enhancing one's own personal welfare. When Henry George presented as his formula for becoming wealthy something as simple as acquiring a piece of land and holding it, the most natural thing in the world for people to do was to acquire land with thoughts of becoming like the Brahmins Henry George also cited as he said, "To whom so ever the soil at any time belongs, to him belongs the fruits of it."

The long run of history is a chronology of man's desire for land and land ownership. Men have sailed across uncharted seas, tamed wilderness areas and braved untold hardships to acquire a piece of land of their very own. History is replete with stories of nations that have gone to war to acquire sovereignty over bits of land lying beyond their national boundaries. It is cliché to say that the long run is made up of a series of short runs. For all of us, the short run is our individual life span. We all try to achieve maximum fortune and personal well being during the proverbial

three score and ten allotted to the life of man.

That desire for wealth and personal well being carries over to family as well. In our time, ownership of land represents an almost irresistible opportunity to shield wealth from the tax collector, and to transfer that wealth to future generations with minimal loss due to taxation. With such compelling arguments favoring land ownership, it is little wonder that proposals for more equitable distribution of the benefits of land ownership, such as those advocated by Darin-Drabkin and George, receive substantial intellectual and rhetoric support and very little political action.

Translating ideas into action is often a long and slow process. Sometimes seemingly unrelated events provide the necessary catalyst for metamorphosis that has action emerging from the cocoon of an idea. It is difficult to visualize the volatility in world oil activity over the past decade as being in any way related to a more equitable distribution of land ownership benefits. But, consider this. In many countries, oil has become the major source of public revenues. In effect, the resource rents from oil production or the taxes flowing from those resource rents, have been distributed to benefit the country's entire population.

This kind of distribution of resource rents could well be the precursor of similar treatment for land rents. Through relatively high oil taxes, or nationalization of oil resources, many countries have in effect embarked upon land value taxation to the extent that natural resources are considered part of the land, and the tax or the profit from exploiting those natural resources has become the mainstay of government finance. As a result, some countries have already taken a step in the direction of land value taxation with benefits distributed over the entire population.

Even though oil prices fall, and oil resources become depleted, a precedent for general distribution of resource rents has been established and the groundwork has been laid for transferring more of the fiscal burdens of government to the land portion of the tax base.

However, it is likely that this change will be gradual

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effect of the 1881 and subsequent land acts has been to broaden, and thereby make more durable, the proprietorship of Irish land. They hardly transformed that proprietorship. Instead of 10,000 Anglo-Irish landlords owning all the land, now some 20,000 graziers own half of it and 95% of the people continue to own none of it. The principal production effects of the land acts has been to make Irish agriculture, which had been highly responsive to market forces, quite unresponsive to those forces.

**An unbroken strand running through Irish colonial and post-colonial history is the key to much that is otherwise inexplicable in that history. That strand has been the pursuit of profit from the land confiscated from the clans and made the property of a privileged class, which was the essence of colonialism.**

A similar strand runs through the colonial and post-colonial histories of the countries of the Third World, where universally the most significant and durable cultural transfer has been the institution of property in land,

which has everywhere dichotomized society into landed and landless.

Ireland is distinguished from the other countries of the Third World, apart from its European location, in the intensity and singlemindedness of the pursuit of profit from the property in land that was created by the colonial power. That was made possible initially by the uninhibited application of colonial force, and subsequently for the past 140 years by the removal of opposition through the emigration of almost every second person born in Ireland and surviving childhood.

The clearest measure of the success achieved in making Irish land profitable is the fact that Irish farmland, which was sold in London for as little as one old penny an acre in the 1650s to finance Cromwell's reconquest of the island rose to £4,000 an acre. This millionfold appreciation represents an annual average three % capital gain, in addition to an inordinately large share of current national income over the centuries.

Ireland now, a century after the

land reform with which Davitt was associated and 60 years after the foundation of an independent state, retains within its socio-economic system those fatal structural flaws that, during the reign of King George III, brought into existence the Irish coolies and made them the largest social class in the land; and that, during the subsequent reign of Queen Victoria, caused the obliteration of that class.

Those flaws derive from the unresolved conflicts between an indigenous, tribal pastoralism and a superimposed capitalism. They persist beneath a veneer of 'modernization' acquired during the past four centuries, including the most recent quarter century of 'programmes of economic growth and development' financed by government borrowing. Similar flaws exist in all the other former colonies where, as in Ireland, an alien capitalism was superimposed on earlier, indigenous, non-capitalist cultures and which now comprise the undeveloping Third World.

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enough so that it will not attract world attention. It will be noticeable only to those who look for such things. It is possible that the world oil crisis and the rise of the OPEC cartel may have advanced the cause of land value taxation a great deal more than we suspect. In many countries, oil revenues are the major source of funding for public welfare programs. Essentially, the oil revenues become a substitute for a resource tax at the national level, with the benefits of that tax distributed over the entire population of the country.

As oil prices decline, as producing wells go dry and as energy substitutes are found, revenues from this source will no longer be available to support the programs now in place and for many countries the only tax base which can be easily substituted is that country's land. In order to make up for revenues lost from current falling oil prices, countries may be forced to institute land value taxation as the only viable fiscal alternative. The heavy reliance on oil revenue for general funding will provide the necessary precedent for taxing land rents, and using revenues

from the process to maintain the existing programs and also fund additional programs.

Land value taxation has been a discussion item in Argentina for decades. That country's current program to mount a nationwide land value tax on agricultural land was motivated by internal fiscal crisis and the need to compete in the world market place. A current economic crisis is providing motivation for a course of action recommended by Henry George a hundred years ago.

The American poet, Walt Whitman, wrote, "Logic and sermons never convince . . . only what proves itself to every man and woman is so." Harsh economic reality may provide the kind of convincing stimulus that men and governments both understand. Countries which up to now have relied upon oil revenues, may, with rapid change in their oil fortunes, find themselves in a position where the only replacement revenues are those that are available from a well conceived land value tax. Events that are economic, external and seemingly unrelated may for many countries bring about the fair and equitable distribution of the benefits of land ownership so fervently advocated by Henry George and Haim Darin-Drabkin.