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Pennsylvania Proving Ground

by W. WYLIE YOUNG

THOUSANDS of people in Pennsylvania are hearing about land value taxation for the first time in their lives. In the fall of '59 the directors of the Economic Education League in Albany, under the leadership of Gilbert M. Tucker, asked me to go to Pennsylvania and do what I could to interest cities of the third class in adopting the Graded Tax Law.

We did not know what to expect. Knowing how difficult it has always been to persuade the uninitiated that the elixir of economic life lies in the direction of land value taxation, I undertook the assignment with a few healthy doubts and plenty of misgivings.

There was, however, a new factor involved here. A new law actually permitted cities to transfer real estate taxes from buildings to land value. Its very existence implied that the Pennsylvania legislature had decided



that such a law had merit. In recommending that a city adopt such a tax policy I would not be presuming to argue that land value taxation would set the economic world to rights. I would simply be pointing out how such a change would benefit a particular city.

I soon discovered that having such a law made all the difference in the world. People who would be reluctant to risk their judgment in a critical analysis of the entire system were able to see how such a tax policy would force many vacant lots on the market, bring down the price of land, and encourage new construction by taking taxes off buildings. Many

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could see the reasonableness of such a proposition but seldom would anyone sense the compelling importance of doing it.

As time went on apathy became my most aggravating problem. Many were inclined to endorse the idea but in the minds of some there would always be a suspicion that this might not be a fundamental reform and that somehow it might have a bad effect upon the general economy. It sounded too good to be true anyway and those who had never heard of land value taxation were always suspecting that there was a catch somewhere.

For six months I concentrated on one town, Franklin. This did provide one advantage. Despite the fact that the local leadership did not possess sufficient perception to bring about the endorsement of the Graded Tax Law, it was the only place where tax figures were made available on an "open stack" kind of arrangement. This permitted me to work unmolested on tax rolls.

Research revealed that all the newer and better homes and most of the average sized homes on average sized lots would enjoy reduced tax bills. It also revealed that sizable reductions would be given to industries, due to the extensive plant equipment usually employed. A few well improved downtown properties would also enjoy tax reductions but the great majority of properties in or near the high land value district would draw taxes higher than before.

When it became apparent to councilmen and to some of the business leaders that they could adopt land value taxation only at the risk of arousing the ire of influential owners of key properties, who had allowed their holdings to deteriorate across the years, all the promised advantages

of the changeover were discounted. Indeed, this is the predicament that any and all advocates of land value taxation will have to face whenever such a switch in policy is proposed.

It became apparent that Franklin lacked the courage to initiate a movement for reform. I began to consider how I could most effectively press the issue in other towns.

Dr. Harry Gunnison Brown had been teaching in Franklin & Marshall College in Lancaster, Pennsylvania. He came to Franklin in July to speak to a group of officials from several third class cities. The idea of spending the next year in an effort to help put the idea over in Pennsylvania had been growing on him. It was agreed that he would come to Meadville in the fall and that we would work out a new approach.

When I learned that he had been speaking to service clubs without remuneration I suggested that I select a town, talk to city officials and business leaders and arrange to hold programs in all the service clubs. In this way we would be able to reach a great many citizens and perhaps find doors opened to us that might not otherwise become apparent.

Programs were easy enough to arrange. It was a law so they were inclined to admit that they ought to know about it. Each of us would take a number of engagements and each would have his talk reviewed in the local paper. Everywhere we went we were enthusiastically received. Some towns proved more perceptive than others. We decided to concentrate on the better towns and when all the clubs had been visited we tried to get interested groups to gather for further study.

It always comes out that poorly improved properties are penalized by the land value tax. Despite the fact that removal of taxes from

buildings makes improvements possible and very likely profitable for the first time in years, this is our highest hurdle. If America could be saved by having all taxes reduced for everybody our task would be very pleasant indeed, but we can't seem to come up with such an agreeable arrangement. Our brand of reform is bound to cause immediate pain to a specific few. This is the chief reason it has never been adopted in this country on a large scale.

We are still plugging away. Success in any one city is far from won. However the tide of interest is rising and there is evidence that a willingness to face the issue realistically is growing.

So far we have visited all the service clubs in about fifteen cities, and we know a great deal more than we did a year ago. We have scouted, in one way or another, ten other cities. For the next two months we will be conducting study groups and

class sessions in five of the cities where interest seems to run high. In the fall we will move on to the Pittsburgh district and continue our present method. In due time we hope to be able to announce that the first city in America has adopted 100 per cent land value taxation for its municipal tax program.

Complete land value taxation is wonderful in theoretical prospect. Those who understand how all life would be affected by it often indulge themselves with social castles in the air. Those who dwell upon this subject ensconced in the ivory towers of pure theory need to be reminded that if our dreams are ever to be realized the process of taxing land values must be started somewhere. If we are resigned to wait until we see the complete collapse of our present system and entertain the vain hope that we can then reorganize the world along proper lines we are doomed to bitter disappointment.

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Only three months until the Annual Conference at Hartford Connecticut, July 12-16, at the Statler-Hilton Hotel. Now, not later, is the time to think of all the dynamic features of Georgism which should come up for discussion during that time.

And in just two months, June 21st, at New York's Annual Banquet at the Shelburne Hotel, two guest speakers will be Countess Alexandra Tolstoy and Agnes de Mille.

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Apathy can only be overcome by enthusiasm, and enthusiasm can only be aroused by two things: first, an ideal which takes the imagination by storm, and, second, a definite intelligible plan for carrying that ideal into practice.

—Arnold Toynbee

Robert Clancy
3353 82nd Street
Jackson Hgts., L.I.