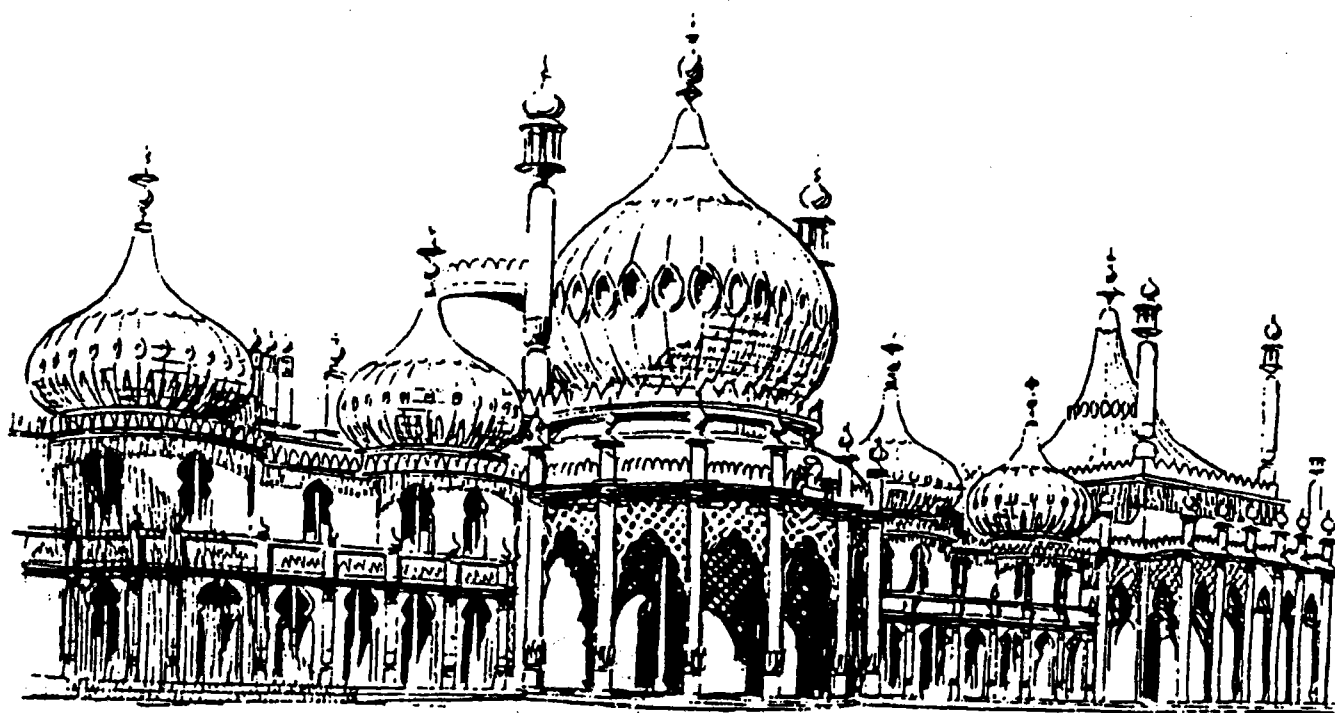


**INTERNATIONAL UNION
FOR
LAND-VALUE TAXATION
AND
FREE TRADE**

22ND INTERNATIONAL CONFERENCE



BRIGHTON 1997

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CONFERENCE

DATE	MORNING	LUNCH	AFTERNOON	DINNER	EVENING
SUNDAY 27 July			Registration of Members 1730 EXECUTIVE COMMITTEE MEETING	1930	PRESIDENT'S WELCOME ADDRESS
MONDAY 28 July	0900 HENRY GEORGE MEMORIAL R V ANDELSON THE LAST 100 YEARS Jean Jukes Ben Sevack John Loveless Nic Tideman Per Moller Andersen 1030 Coffee 1100 THE NEXT 100 YEARS FRED HARRISON Chair: Norman Slater 1230 Pre - lunch break	1300	1430 LEADERSHIP & RESOURCES DREW HARRIS Chair: J Bathe 1545 Tea 1615 STRUCTURES & IDENTITY G DUNKLEY AND JOHN LOVELESS 1800 Pre-dinner break	1830	2015 UNITED NATIONS ALANNA HARTZOK SVEND DINSEN Chair: Lowell Harriss
TUESDAY 29 July	0900 I U BUSINESS MEETING 1000 Coffee 1030 QUANTIFYING RENT: TAX REFORM & THE BARRIERS TO RESEARCH MICHAEL HUDSON Chair: Fred Harrison 1230 Pre- lunch break	1300	1415 ACTION PACT LED BY TED GWARTNEY & FRANK PEDDLE Tea ACTION PACT continued 1730 Pre-dinner break	1815	2015 Civic Reception & Tour of the Royal Pavilion
WEDNESDAY 30 July	0900 A LAND DEAL IN BABYLON CORNELIA WUNSCH Chair: Michael Hudson 1030 Coffee 1100 SUSTAINABLE DEVELOPMENT: THE ROLE OF RENT JAMES ROBERTSON Chair: John Loveless 1230 Pre-lunch break	1300	1415 ACTION PACT LED BY FRED HARRISON & NIC TIDEMAN Tea ACTION PACT continued 1730 Pre-dinner break	1830	2015 PRESENTATION OF NEW GEORGIST BOOKS

TIMETABLE

Produced by Norman Slater

DATE	MORNING	LUNCH	AFTERNOON	DINNER	
THURSDAY 31 July	<p>ACTIVIST MORNING</p> <p>0900 THE CAPETOWN PROJECT CLLR WILLIAM STIBBE Chair: Richard Noyes</p> <p>1100 Coffee</p> <p>1130 THE LAND IS OURS CAMPAIGN TONY GOSLING Chair: Norman Slater</p> <p>1245 Pre-lunch break</p>	1300	<p>1400 ASSEMBLE FOR OUTING TO FIRLE PLACE</p> <p>1800 Expected time of return</p>	1930	
FRIDAY 01 August	<p>0900 RENT AND THE DECISIONS OF THE UN CONFERENCE IN RIO GALINA TITOVA Chair: Polly Cleveland</p> <p>1030 Coffee</p> <p>1100 THE EMERGING URBAN LAND MARKET IN RUSSIA TANYA ROSKOSHAYA Chair: Ron Banks</p> <p>1230 Pre-lunch break</p>	1300	<p>1415 RESUMED I U BUSINESS MEETING from Tuesday am</p> <p>TEA</p> <p>I U BUSINESS MEETING continued</p> <p>1730 Pre-dinner break</p>	1830	2015 Assemble for a walk down the pier
SATURDAY 02 August	<p>1000 MEMBERS SHORT PAPERS Chair: G Jukes</p> <p>Harry Pollard George Curtis David Smiley Stephen Cantor Jan Pot Karl Williams Julien Gross</p> <p>1100 Coffee</p> <p>1130 SHORT PAPERS continued</p> <p>1230 Pre-lunch break</p>	1300	<p>FREE TIME OR AD HOC MEETINGS</p>	1915 for 1945	<p>BANQUET</p> <p>2130 CRAWLEY CHORDSMEN</p>
SUNDAY 03 August	<p>0830 EXECUTIVE COMMITTEE MEETING</p> <p>0930 Coffee</p> <p>1000 WINDING-UP SESSION Chair: Ole Lefmann</p> <p>1230 Pre-lunch break</p>	1315 for BARBECUE	<p>CONFERENCE ENDS</p> <p>Rooms must be vacated at 12 noon.</p>		

PREVIOUS INTERNATIONAL CONFERENCES

First	RONDA, SPAIN	26 to 28 May 1913
Second	OXFORD, ENGLAND	13 to 19 August 1923
Third	COPENHAGEN, DENMARK	20 to 26 July 1926
Fourth	EDINBURGH, SCOTLAND	29 July to 4 Aug 1929
Fifth	LONDON, ENGLAND	1 to 5 September 1936
Sixth	NEW YORK, U.S.A.	30 Aug to 2 Sept 1939
Seventh	SWANWICK, ENGLAND	14 to 21 August 1949
Eighth	ODENSE, DENMARK	28 July to 4 Aug 1952
Ninth	ST. ANDREWS, SCOTLAND	15 to 20 Aug 1955
Tenth	HANOVER, W. GERMANY	25 July to 1 Aug 1959
Eleventh	NEW YORK, U.S.A.	30 Aug to 5 Sept 1964
Twelfth	CASWELL BAY, WALES	7 to 14 Sept 1968
Thirteenth	DOUGLAS, ISLE OF MAN	8 to 15 Sept 1973
Fourteenth	SAN FRANCISCO, U.S.A.	20 to 26 July 1979
Fifteenth	UTRECHT, HOLLAND	24 to 31 July 1982
Sixteenth	CAMBRIDGE, ENGLAND	5 to 11 August 1984
Seventeenth	VANCOUVER, CANADA	18 to 27 May 1986
Eighteenth	PHILADELPHIA, U.S.A.	29 July to 6 August 1989
Nineteenth	LONDON, ENGLAND	21 to 27 March 1991
Twentieth	MELBOURNE, AUSTRALIA	26 Sept to 2 Oct 1993
Twenty-first	ROSKILDE, DENMARK	22 to 29 July 1995
Twenty-second	BRIGHTON, ENGLAND	27 July to 3 August 1997

LIST OF PARTICIPANTS

ADRIAANSE, J.P.J.	South Africa	LEVY, Grace	England
ADRIAANSE, Mrs	"	LICHFIELD, Prof Nathaniel	England
ALLEN, Victor	U S A	LOVELESS, Dr John	England
ALLEN, John	England	MERNANE, Jose	England
ANDERSEN, Per Moller	Denmark	MERNANE, Pierre	"
ANDERSEN, Bente	Denmark	MILNE, Douglas	South Africa
ANDELSON, Prof Robert	U S A	MILNE, Mrs	"
ANDELSON, Bonny	"	NICHOLS, Lynn	England
BAKER, Jessica	England	NIXON, Gary	Canada
BANKS, Ronald	England	NOYES, Richard	U S A
BASTIAN, Julia	England	NOYES, Joan	"
BATHE, John	England	PEDDLE, Frank	Canada
CLARKE, Richard	England	POLLARD, Harry	U S A
CLEVELAND, Polly	U S A	PRESTIDGE, Dorothy	England
CONNELLAN, Owen	England	RAY, Marian	England
CURTIS, George	England	RAYNHAM, Robin	England
DENNYS, Nick	England	ROBERTSON, James	England
DINSEN, Svend	Denmark	ROSKOSHAYA, Tanya	Russia
DINSEN, Lisbet	Denmark	ROSKOSHAYA, Daria	Russia
DUNKLEY, Godfrey	South Africa	ROSKOSHNY, Ivan	Russia
DUNKLEY, Yvonne	"	SCORNIK GERSTEIN, Fernando	Spain
FARRINGTON, Colin	England	SEVACK, Ben	Canada
FREELAND, Wilbur	Canada	SEVACK, Eve	"
FREELAND, Helen	"	SILLENCE, John	England
GROSS, Julien	England	SLATER, Norman	England
GWARTNEY, Ted	U S A	SLATER, Lesley	"
HARRINGTON, Margaret	England	SMILEY, David	Australia
HARRIS, Beryl	England	SMILEY, Joan	"
HARRIS, Drew	U S A	SMYTH, Michael	England
HARRIS, Teresa	"	SOBRIELO, Barbara	England
HARRISON, Fred	England	SNYMAN, Cllr Jizreel Tobia	South Africa
HARRISS, Professor Lowell	U S A	SNYMAN, Mrs Jeannett	"
HARTZOK, Alanna	U S A	STIBBE, Cllr Bill	South Africa
HATHERLEY, John	England	STIBBE, Mrs	"
HILL, Malcolm	England	SUTTON, Loma	Australia
HIMMELSTEIN, Jack	U S A	TAIT, Gerry	Australia
HUDSON, Michael	U S A	TICEHURST, George	England
HUGHES, Ann	England	TIDEMAN, Nic	U S A
HYDE, Joe	England	TIMMINS, Stephen	England
JAMES, John	England	TITOVA, Galina	Russia
JONES, Ivan	England	TURNER, Paul	England
JUKES, George	Australia	VARGA-OTVOS, Bela	Hungary
JUKES, Jean	"	VINCENT, Joshua	U S A
JUPP, Sir Kenneth	England	WADLEY, Margil	U S A
JUPP, Lady Betty	"	WADLEY, Evelyn	"
KIESER, Barend	South Africa	WATKYNNS, Cllr Brian	South Africa
KIESER, Mrs	"	WERNER, Anthony	England
LEE, Geoffrey	England	WILLIAMS, Karl	Australia
LEFMANN, Ole	Denmark	WILLIAMS, R.J.	England
LEFMANN, Ulla	"	WUNSCH, Cornelia	Germany
LEHMAN, Mary	U S A	YOUNG, John	Australia

ASSOCIATE MEMBERS OF THE CONFERENCE

BRAMAN, Nan	U S A
DEL TELL, Carlos	Spain
HARRIS, Betsy	Australia
MILLS, Stan	England
RAVASZ, Charles	Hungary
RHODES, Alan,	France
SULLIVAN, Mark	U S A

ARRANGEMENTS FOR MEALS

Breakfast will be in the Restaurant, which opens at 7.30 am (8.00 am Sunday.)

Lunch will be a buffet meal in the Restaurant.

Dinner will be a three course meal (except Thursday) with coffee and will be served in the Russell Room which is opposite the lift.

It will be a great help to the staff and us if you could all be on time for meals.

Those members who have paid for the full conference package have white name badges, which entitle them to all meals.

Those members who have paid for part of the week have green name badges and in their envelopes they will find a ticket for every meal for which they have paid.

NO ONE WILL BE ALLOWED TO ENTER EITHER DINING ROOM UNLESS THEY ARE EITHER WEARING THEIR WHITE BADGE OR PRESENTING A TICKET.

Please accept this somewhat draconian edict graciously..... it will make life so much easier for the hotel and for the organisers!

GENERAL

For emergencies in the night ring the hotel reception direct. They are equipped to deal with most things that could arise.

NAME BADGES - Unusually for an IU Conference, we have several categories of participants, some of whom are on the "full package" and others who are taking some or no meals at the hotel. For this reason we have issued identifying name badges which we ask members to wear at all times to help the organisers and hotel staff. It should be remembered that the hotel has 204 rooms and our conference occupies only 52 of them.

FINANCE - If you still owe money you will find a note to that effect in your envelope. Cheques should be made payable to the International Union.

PERSONAL ACCOUNTS - The amount you paid for your stay covers all meals taken at the hotel and coffee and tea breaks. It does NOT include any drinks, telephone calls and other sundries for which you must settle direct with the hotel before you leave.

The hotel's conference suite is set apart from the public rooms although in the same building - and to reach it one has to descend to the basement (no lift to basement), traverse a corridor and then ascend the stairs at the other end. If stairs are a problem for you, please inform Barbara or Jose on Sunday night so that arrangements can be made to admit you from street level through a door that is normally kept locked.

BANQUET MENU - This, together with a wine list, will be available in the conference office or from Barbara or Jose. Wines ordered by Saturday lunchtime will be chilled or chambered to the correct temperature for dinner. Drinks will be available on a cash basis both before and during the Banquet.

IU BUSINESS MEETINGS - the meeting on Tuesday morning and resumed meeting on Friday are for members of the International Union only. If you are entitled to attend you will have two orange membership tickets in your envelope which should be surrendered at the door of the meeting room.

ROYAL PAVILION - The reception and tour is strictly ticket only. You will find your ticket in your envelope. The Royal Pavilion staff will only admit people with a valid ticket so please be sure to have yours with you.

BOOK PRESENTATION - All members will be given a complimentary glass of wine or fruit juice on Wednesday evening. There will be a small cash bar for further drinks at £1.80 a glass for wine and 90p for fruit juice.

FIRLE PLACE - All those who have purchased the full conference package will have paid for this trip. The cost is £10.50 (this includes afternoon tea at the house) and there are still a few places if anyone else would like to join us. Please be in the hotel lobby by 2.00 p.m. Large bags/packages, etc., must be left on the coach as the owners of the house will not allow them to accompany you on the tour.

NOTES

Rooms must be vacated by midday on your last day. The hotel has a secure luggage room where your cases may be put until you are ready to leave.

It would help us enormously if you could all arrive promptly at mealtimes!

If you have any complaints would you please see Barbara or Jose before talking to hotel staff. Whatever it is might just be our fault!

COSMOPOLITAN DINNERS

From Monday to Friday we have five menus pertaining to countries where we have members, viz. United Kingdom, Australia, Russia, Denmark and USA.

We also plan to have a raffle (50p a ticket, 3 for £1) on each of the nights, with prizes associated with the country whose food we are eating. Members were asked if they could bring a small prize with them, and if they have, could they let Jose know what it is and then bring it down to dinner on the night for which it is appropriate.

Prizes for countries not mentioned below will be given at the grand final raffle at the Banquet.

If you find the menus strange, please be adventurous and try them. The chef has been extremely cooperative and we are sure you will enjoy all the food.

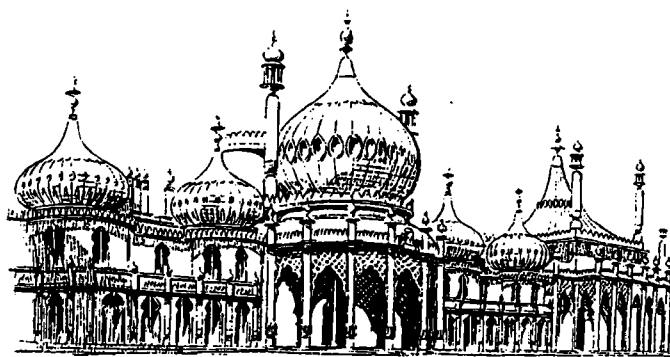
The special dinners are:-

Monday	United Kingdom
Tuesday	Australia
Wednesday	Russia
Thursday	Denmark
Friday	U S A

NOTES

ACTION PACT

**INTERNATIONAL UNION FOR LAND-VALUE TAXATION
AND FREE TRADE**



BRIGHTON 1997

TAX REFORM: THE NEED FOR A STRATEGY

Review of themes for two Action Pact workshops

Fred Harrison

BRITISH AIRWAYS is one of the world's leading airlines. Nonetheless, it is currently "re-launching" itself with new flying colours to define a new public image; and it is restructuring its organisation. To remain a market leader it knows that complacency - retaining the old ways of doing things - is fatal. If a successful company has learnt the lesson of what it takes to remain on top of the competition, there are probably lessons for challengers who want to take over from the leaders.

The lessons for those of us who wish to replace one tax philosophy with another ought to be obvious: we need to redefine our identity, to make our proposals more accessible to the people who need to "buy" them.

Henry George's *Progress and Poverty* was published over a century ago. In my view, very little has been done to re-launch the philosophy to make it politically palatable. The time has come to represent the Single Tax in a form which would make it acceptable to the general public, and therefore to democratic politicians. The challenge with which we are confronted is enormous, for we are not talking about changing a few pieces to the existing jigsaw. Ours is a fiscal policy with comprehensive ramifications. Practically no major social institution or form of social behaviour would be left untouched by the adoption of the Single Tax. This is, at one and the same time, a strength and a weakness.

The strength is that one administratively easy-to-implement reform can resolve a vast range of social problems. It is unmatched as the most effective tool for reform.

The weakness is that people would find it hard to believe that they could benefit so extensively from a seemingly simple shift in taxation, elegant though the idea may appear in theory. That is why we must analyse the ripple effects of the Single Tax, in the process of which I believe we would acquire new supporters for the reform.

Time has been lost. For decades, Georgists have merely restated the basic economic truths. The outcome is a shallow treatment of what is actually the richest political philosophy that you could hope to find in the literature going back to the ancient Greeks. But no-one would believe that claim who is familiar with the literature on the social sciences and philosophy.

THE RENT THESIS, to be explored properly, will engage scholars and activists for several generations. *We* have to be practical, and select the tasks that can be accomplished with existing resources and which are most likely to attract the sympathies of the people and agencies that wield the power today.

We cannot limit our responsibilities to the commitment to keep the philosophy alive: that is a cop-out. The philosophy will take care of itself whatever we do. Our responsibility is to inform the policy-makers who currently make decisions that affect the world. A moment's thought about the environmental issues will make us realise that the rent thesis is at the heart of the concerns of governments and the general public. This means that we are not devoted to a philosophy of peripheral interest. And yet, even the most informed and well-intentioned ecologists are woefully ignorant of the Georgist lexicon. Whose fault is that? *Ours!* We have failed to

engage in the discussion at a depth of philosophy and level of activism that can arrest the attention of ecologists, equipping them with the analytical tools that they need to enable them to develop the appropriate remedial policies. In other words, we are losing out in one of the most important current debates.

Selecting themes for action

THE WORLDWIDE Georgist movement should be concerned with organisational reform, and even with the names with which it portrays itself: these are part and parcel of the concept of re-launching the philosophy. But given the constraints (national entities, charity status) it may not prove possible to create a single coherent organisational structure. That is why I stress a looser confederation capable of fostering action based on a task-oriented, cellular structure. In other words: teams of people, each working on a priority task. These cells are Task Forces. We need to identify the tasks that ought to be tackled. The selection of themes has to be undertaken on the basis of a realistic appreciation of

- the possible rewards (within a clearly defined time-frame); and
- the resources at our disposal (the evaluation of which ought to take into account the replacement of existing activities).

There were few dissenting voices raised against the proposals outlined in my two Action Pact newsletters dated March 20 and May 18, 1997. This encouraged the IU to set aside time for two workshops, which will discuss 10 themes. Conference participants will be invited to identify what they see as the order of priority for action, which may help the organisations to formulate a strategy on the basis of finite resources.

The five topics to be discussed on Tuesday are directly linked by the sharp focus on public finance and the economy.

THE WELFARE STATE

THE WELFARE State is bankrupt, financially and ideologically; but to enhance the credibility of the alternative social system (and the philosophy that underpins it) we must define the steps that would move us away from the statist solution of income redistribution in favour of a society in which everyone was economically independent of the state's patronage.

THE FEDERAL LAND TAX

DEBATE in the United States is hampered by the claim that it is not possible to institute a Federal Land Tax. Is this true? Henry George did not think so; and he offered a formula for accommodating the wording in the Constitution. This is what he wrote (from *The Standard*, Jan 20, 1887):

Now, if Congress could collect two million in 1798 and 20 million in 1851, requiring from each State a quota proportioned to its population, to be raised by a direct tax upon land according to values, why cannot congress collect all the revenues of the federal government by requiring of each state a quota according to its population to be raised by a direct tax on land values alone?

What can be done to educate the policy-makers and their advisers? Are lessons to be learnt from federal countries like Australia which have employed a federal land tax?

A LAND PRICE INDEX

GOVERNMENTS shape day to day policies on the strength of changes in their favourite statistics, which are not selected at random; they are the result of an ideology which tells them what is important about the economy. If the rent thesis offers a fruitful theory of the economy, should we develop an index of trends in

prices that equips us to enter the public dialogue from a unique perspective?

If trends in land prices do not enable us to forecast the future, there would be no purpose in producing an index. Henry George, in articulating a theory of recessions that imputed a "leading" role to land prices, would have contended that an index was of value. If we cannot restate his case in convincing contemporary terms, we should abandon this project: for government statisticians will not encourage policy-makers to spend money on refining statistical data unless they can fall back on well-researched papers that demonstrate the value of such information for policy-making purposes.

There are two distinct (but related) reasons why we would want to calculate the true extent of rental income in the economy. (1) Is rent a sufficient fiscal base? (2) Can we claim that land-price booms herald a slump?

The statistics for New Zealand are excellent; better, perhaps, even than Denmark's. Ron Ward has begun work on the New Zealand data which should be illuminating: *see his contribution below*.

Dr. Michael Hudson adds: A land index *in itself* is not very interesting to people who already do not find land interesting. It is only interesting if we relate land prices (and the overall national valuation of land) to an overall theory of the *total* economy, including what other people ARE interested in. My starting point is *not* land values. I start with the volume of savings, and calculate their exponential growth (the rate of interest for bonds, and of dividends for stocks). I then examine what proportion flows into the stock market, the bond market, bank loans, and real estate financing. This supply and demand correlation indicates to me what the growth will be in land values and stock market values - but no longer interest rates, for these are set by the central bank in response to balance-of-payments flows. It therefore is necessary to factor in these too. I am interested in the volume of capital gains for land, compared to other assets. My interest in land is only as the major part of national *asset values*. I use it to study the inflation of bubbles. Hence, I *am* interested in a bubble index.

BUDGETARY REFORM

THE TAX BURDEN imposes enormous costs on the wealth-creators. Governments know that they do not have all the answers, but they cannot visualise how to neutralise the frictions. The shift to land rent and resource taxation is the ideal, but what are the implications for the budget? Can a government adopt transitional mechanisms to avoid the "shock therapy" inflicted on Russia?

THE URBAN CRISIS

MOST people experience life within the urban context. They see many individual problems, including those related to inadequate public transportation, shortage of good houses, pollution, poverty; but they cannot see how these stem largely from a single flaw in the fiscal system. Can we develop an analytical framework to make sense of the problems and relate that framework to a contemporary urban crisis, such as the one that confronts Washington DC?

The Wednesday workshop addresses the following major themes.

ECOLOGY

FAILURE to intrude into the debate that has been raging for the last 30 years. We need to offer a model of the sustainable society. Observations by Jeff Smith as attached below.

RELIGION

PIOUS people are not working for social reform because their religions do not faithfully teach

some of the basic lessons of the early prophets. Can we persuade the world's churches to unite in a common cause of effective action?

INTERNATIONAL AID AGENCIES

MILLIONS of people donate money to voluntary sector agencies which are trying to combat poverty. Those agencies are largely failing, but could be more effective if they understood the source of poverty. What would it take to attract their attention?

RUSSIA

THIS COUNTRY, because of the state of turmoil among its leaders remains the single most interesting testing ground for our proposals. What are we prepared to do to maintain our presence?

LAW AND THE CONSTITUTION

A DEMOCRATIC shift in taxation is not possible without a corresponding adjustment in people's perceptions of property rights. Were we betrayed by the Constitution makers? What would it take to change the Constitutions and Bills of Rights to make the law consistent with people's natural rights of equal access to the fruits of nature?

Specific Targets

These ten themes are general categories requiring a variety of forms of activity. The results of work would take several forms, including the production of reports which could be published as books; contacts with governments, professional and activist organisations; and so on. But I have not identified specific targets for priority action, although these more limited objectives also need to be considered as part of any overall strategy for a co-ordinated plan of action. Two examples illustrate what I mean.

- (1) The World Bank. This institution exercises enormous influence in the world. If it could be made to review the rent thesis as part of its ongoing internal reappraisal of goals and methodologies, it might improve its performance. At present it claims to have no general policy on land taxation. The reason it offers for this is that land taxation is a highly controversial issue, circumstances vary widely in different countries, and this makes it difficult to formulate general policy conclusions across countries. This position is a spurious one. The World Bank and the IMF impose exceedingly controversial policies across the world despite the variations in the circumstances of individual countries. The truth is: land taxation is excluded from the ideology which structures policies imposed by the World Bank and IMF on client countries. The problem is to shift the focus of that ideology.
- (2) Professional organisations engaged in property administration in the public sector ought to be at least decently informed of land taxation as a policy option. In Britain, for example, the Institute of Revenues Rating and Valuation is apparently somewhat sceptical about the feasibility and desirability of replacing the crude Council Tax with the sophisticated site value tax. Nonetheless, this does not inhibit the Institute from recommending the possibility of adopting other taxes not by reference to feasibility and desirability so much as topicality. A job of education needs to be undertaken, because if the professionals were properly acquainted with the facts, they would be better equipped to advise policy-makers. Given the global nature of information and professional interaction (e.g. congresses), one enlightened professional body is likely to end up influencing the equivalent organisations in other countries.

GREEN COAT TAILS

Linking Geonomics to environmentalism

Jeff Smith

If Georgism is ever to become the law of any land, it will have to do so on the backs of activists in other movements. Georgism has lost three-fourths of the basic ingredients for success. While we have Money (dollar per follower, probably more than any other movement has had in history), we lack Members, Media Coverage, and an intelligible Message. This is due to an impoverished vocabulary (hence my coinage of *geonomics*, *geonomize*, *deed fee*, *ecology security deposit*, *citizens dividend*, etc.). As the world continues to change and Georgists don't, our movement shows little sign of recapturing the basic M components of success.

Hence the piggy-back strategy. Environmentalism is the most logical candidate for our host movement. Their call to spare Earth is the flip side of our call to share Earth (by sharing her worth). We are two sides of the same coin. Together - with our logic and their emotional appeal, hoards of foot soldiers and deep pocket support - we would be unstoppable.

The "green" movement is loaded with others of my ilk waiting to embrace the Georgist message. Indeed, many already have. Being swallowed up by the greens is the best thing that could happen to the Georgists. Instead of being lost inside the behemoth, we would be the trimtab factor - the hand on the hand on the tiller. Our role is that of doctor of dogma.

- (1) We would make sure the tax shift includes the reform of the (usually local) property tax so that it falls not on improvements but on locations; greens who lobby on national and/or global issues sometimes overlook this component of the total shift.
- (2) We could broaden the array of mechanisms for collection to include user fees, even to emphasise them over taxes.
- (3) We could employ the same argument of ethics and efficiency to make vouchers and an EarthShare the preferred choices over subsidized "services".
- (4) We could make current the neologism *geonomics* so that our theoretical insights are carved in stone.

That is the role we could play - try to make sure the public presentation of the tax shift is broad, deep and complete. How we link up with greens and green groups is how activists always ally:

- Get on each others' mailing lists
- Attend each others' events
- Invite one another to submit to each others' publications
- Co-sponsor events
- Co-author questionnaires for candidates, position papers, draft legislation, etc.
- Jointly lobby legislators, editors, business leaders, government officials

The strategy can be summarised as follows. Mission: co-author a geonomic bill with greens. Objective: win green trust. Strategy: engage in respectful dialogue. Tactics; attend their, and invite to join our, events and publications.

When can we expect results? Most Georgists expect to never live long enough to ever live in a georgist society. Abandon all despair ye who piggy-back here! Noting how fast pollution taxes are becoming law in the West, the total geonomic package could be implemented in equivalent time. Within two years, the first major step would be taken in Oregon or Denmark. Within seven to ten years, some

progressive region could be fully geonomic.

Georgists as a whole are not activists in the conventional sense (indeed some are even anti-activist). Yet one needs no experience, just honesty and determination and other Boy Scout qualities. If we could somehow incorporate the market into our "movement", so that we would reward not the Great White *de jour* but those producing measurable results, not only could I live comfortably (and hence garner even more successes) but by now many others would have turned to this piggy-back strategy.

JEFF SMITH is President of The Geonomy Society, based in Portland, Oregon. The University of Kharkov in Ukraine has invited him to teach geonomics in a two week seminar this summer.

THE CASE FOR A LAND PRICE INDEX

Ron Ward

ARTHUR BRYANT, in his sweeping panorama of Britain in the early nineteenth century, *The Age of Elegance*, highlights how the growth of new technology brought huge wealth to the land owners of Great Britain.¹ Even offset by the landlord funded poor laws, about which these privileged few were constantly complaining, the benefits for holding land were enormous.

The economists of those days, such as Ricardo and Malthus showed as much diversity of opinion as those of today. However, today there is much more of a polarity observable between the major schools of thought. This polarity, like the two party state, tends to limit options to two pragmatic directions. These directions can be loosely described as, in favour of a high degree of community ownership and in favour of corporate dominance. Both of these fail, because they have to maintain the economy by recourse to a constant legislative process. These constant changes try to overcome the effects of one policy with another, rather than tracing any ever present underlying mechanisms involved in the uneconomic distribution of wealth.

There is a large body of material, supporting *our* view of underlying mechanisms, such as the works of Henry George. These develop very believable scenarios that appeal to those who approach their opinions from Aristotelian logic. This approach may obtain converts of like mind, but, today, we need also to deal with those who are products of our education systems and who demand detailed proofs of an econometric nature. Econometrics must, therefore be in our bag of tools.

If the wealth arising from ownership of land is a fundamental part of our theory concerning the causes of poor economic performance, and econometric tools are wanting, then we need to address this issue.

But if we set out to construct support for our case, we must be seen to be using tools held in common by researchers in the area of economics. This presents a problem, because the econometric tools available have been designed primarily to meet the needs of the two dominant schools of economic thought.

There is a cynical saying in statistical circles, that the only way of presenting data, which is truly disinterested, is to produce data of value to no one. It is cynical because it assumes that value, like price, is always determined by market driven forces.

Econometric models, for all their sophistication, are still only metaphors designed to foretell the future.

The answer of some Georgists to the inadequacies of the current econometric models is to indulge in volumes of pointed criticisms, or to start constructing entirely new models. It is quite shortsighted to say that these efforts are without value, for lots of reasons. Neither do I suggest that a total uniting of our forces behind either of these or other strategies, attractive as it is, is preferable to each of us doing what our natural talents lead us towards. Such attempts at superimposing a mass mind set is counter to the sort of society we want, in the end, to progress towards.

My background and training leads me towards the conclusion that rather than throwing the baby of the modern economist out with the bath water, we can begin to add a dimension to their models which, in the long run may result in their evolving towards a more rational and consistently useful model.

One of these addenda would be an index of land prices (LPI) or assessed prices.²

Indexes are of little use unless they are compared to other variables. High correlations between variables being indicators of interest to econometricians. High correlations do not necessarily imply a causative relation, but as in the tobacco and lung cancer debate it provides enough evidence to attract funding for further study.

What are the other variables to which an LPI can be made; not to prove our case, but to stimulate investigation into areas not normally of concern to those limited by existing popular econometric models?

One such variable would be the money supply. Another, the effect of government policies that effectively enhance the landlords market power. Such policies as providing accommodation vouchers for welfare beneficiaries. The volume and value of vacant or unoccupied sites. Building permits, trade tariffs, unemployment and a host of other socially important indicators.

To see the value to economists of these comparisons, and the various dynamics of the lagging effects on the LPI, would need a great deal more information than I can present here. I suspect that, once economists have such a tool, there will break out an enormous debate on what is driving what. This can only provide us with more opportunities. Not opportunities to impress others with the merits of our case, but opportunities to give encouragement for those who want to arrive at their own conclusions after examining new evidence. It is important in my view that, while some people can be talked into an ideology, its real merit is found when those who are independent thinkers discover that as students from widely divergent backgrounds, they are all arriving at the same conclusion.

Whether a LPI will be valuable in itself, or form a part of a new set of analytical tools, we may not yet be in a position to categorically say. My opinion is that it has the power to shift the emphasis of current main stream economic research into a new direction. For the outlay involved and the risks of failing to gain any substantial benefits for our cause, we could do worse. Compared to the more expensive alternative actions being promoted, our expectations for an LPI may seem unduly modest, though it seems to me that they can not fail utterly.

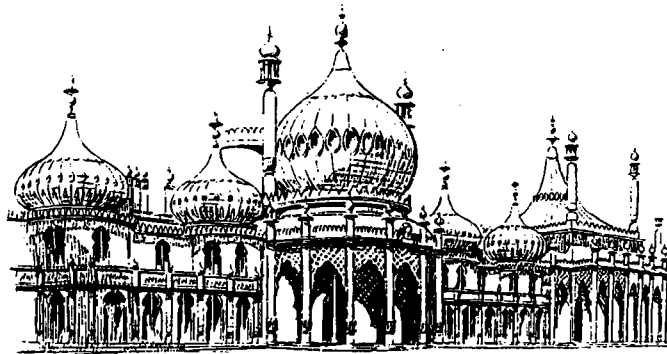
Ron Ward is a retired Senior Survey Statistician, formerly with Statistics New Zealand. His 29 years in statistics involved him in supervising the construction of property and land price indexes, associated with the Consumers Price Index. He was also similarly involved in collecting and processing rating bills from some 30 Local Authorities throughout New Zealand. He was a consultant to Rolland O'Regan for the research involved in the second edition of his *Rating In New Zealand*.

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1. P307 Reprint Society edition 1954.
2. Commonly called "values, but changed to prevent confusion with value as used elsewhere in this paper.

PLENARY PAPERS

**INTERNATIONAL UNION FOR LAND-VALUE TAXATION
AND FREE TRADE**



BRIGHTON 1997

QUANTIFYING RENT: Tax Reform & the Barriers to Research

Michael Hudson

THE OBJECTIVE of the real estate industry is to obtain capital gains, but no land-value statistics are collected or published. Evidently the reason is so as not to let the public know that this is the secret of wealth-making - for otherwise, the government would want to tax these gains.

The financial and real estate sectors form a unit, the FIRE sector (finance, insurance and real estate). The banking system puffs up real estate values by mortgage lending, and extracts interest. In fact, most of the economy's rental income is paid out by landlords to their financiers. What they hope to obtain is capital gains upon sale.

The financial sector recycles its interest receipts into yet more new lending - about 70% to the real estate industry (including home mortgage borrowers). This creates yet more capital gains, enabling yet more money to be borrowed.

My research seeks to integrate rental income with land-value gains to derive "total returns." My research therefore reviews rent's role in the U.S. national income and product accounts (NIPA), and real estate's capital gains as reflected in the annual balance sheets of assets and liabilities published by the Federal Reserve Board. After tracing these shifts, I estimate how much rent and capital gains are attributable to land as distinct from buildings and other improvements.

These statistics show real estate to be the economy's most important sector. Gross rental revenue amounts to some 14% of national income, a proportion that has remained fairly stable in recent years. Real estate also is the economy's major asset, with land representing the major component (about 40%). It thus is not surprising that for most years until the real estate bubble began to be deflated in 1989, most capital gains were generated by real estate.

Capital gains are much more important for real estate investors than would be suspected merely by tracing the economy's rising property values. Most net rental income (after paying interest and taxes) is written off as capital consumption allowances. Building book values are depreciated accordingly. When it comes time to sell their buildings, real estate owners declare these back-charges as "capital gains."

Interest rates and other financial charges have risen since the end of World War II to a point where they now absorb the lion's share of rent revenues. Indeed, the real estate industry typically shows no net taxable income at all. Its cash flow consists mainly of tax-exempt capital consumption allowances (which are used to amortize bank loans). On balance, real estate owners have aimed less and less at generating operating income for themselves, but have been willing to pledge virtually all this income to their creditors as mortgage interest, hoping that they can reap a capital gain upon selling the property.

Favourable tax treatment for building depreciation in the face of rising property values, for interest paid on leveraging mortgage debt, and most of all for capital gains has sharply reduced real estate's share of taxes. This in turn has contributed to the economy's fiscal squeeze, while shifting the tax burden onto labour and capital as income and sales taxes. The tax shortfall threatens to worsen if the capital gains taxes are cut for the real estate industry. The proposed changes would, in effect, render it virtually exempt from income taxation.

Rent as a tax base

One by-product of calculating the magnitude of rent is to provide a basis for assessing real estate's traditional capacity to serve as a tax base. In view of the rising extent to which gross rental income has been pledged to bankers as mortgage interest, however, taxing it more at this point would leave little margin for property owners to absorb. This poses the danger of having to default on mortgages as the real-estate bubble is deflated.

The composition of rental income has shifted away from real-estate profits and local taxes to interest paid to mortgage lenders. In fact, real estate traditionally has been the major generator of interest in the private sector, far outweighing manufacturing, transportation and retail and wholesale trade.

Capital gains for land and buildings are much more volatile. In the 1980s these capital gains often represented as high a source of gain as current income. Indeed, capital gains are more beneficial to landlords, in that they are taxed at lower rates than income. In calculating the returns to investors, it thus is appropriate to calculate "total returns," that is, the sum of current income plus capital gains. Indeed, on a taxable basis, real estate shows no net income at all, year after year. This is because capital consumption allowances absorb all the net revenue after paying property taxes and mortgage interest. For tax purposes, this is partly compensated by taxing capital gains, but these capital gains are not reported as part of the NIPA statistics.

One of my central findings is that if we want to present a picture of the economy "as it really operates," we must take a landlord's eye view (supplemented with the economist's perspective) and integrate asset-value gains with current revenue to derive a measure of "total return." For this is what investors seek, whether they do so as landlords, stock-market speculators, or industrialists.

Integrating NIPA and Federal Reserve real-estate value statistics shows that the objective of most real estate developers is *to reap capital gains*.

My objective is thus to describe the pragmatic businessman's view of his real-estate undertakings. His measure is a combination of current income (which the tax collector finds to be zero or even negative) and the capital gain with which he ends up by the time he sells his property. Stock-market analysts call this the "total return" to investment, and calculate it as a percentage of the invested capital. To indicate how the magnitude of these savings out-weighs real estate's current earnings, I use the Federal Reserve Board's calculations of land values and other real estate prices to derive preliminary estimates of changes in land value.

In making these estimates I use the economist's definition of rent, not that of the tax collector (for if we believed *him*, we would find no rental income at all). The real-estate industry appears to be something in the character of a vast charitable foundation, supplying the economy with housing, office space and other services without taking any net income for themselves at all (after adjustment for the physical depreciation of their buildings). On an industry wide basis, all their rental income over their depreciation allowances are turned over to the local tax authorities, and to their bankers. In the end, they hope to achieve a capital gain for their astuteness in having performed this public economic service.

The first lesson of this study is therefore that given the imaginative techniques of modern tax accountants, to tax what landlords declare as rent under current law, is a far cry from taxing what economists have long defined as rental income, land rent or differential rent. To take a landlord's-eye view of matters (as told to their tax collector) they earn no rent at all, after taking their capital consumption write-offs to compensate them for the wear and tear of buildings or other capital improvements. They are no longer in the game for the rental income, but for the capital gains they reap at the time they sell their real estate. This explains

their urgent support for abolishing the capital gains tax (having already drastically reduced it in recent years).

My approach explains the famous economic rule that inequalities of wealth historically are greater than inequalities of income. Stated another way, the wealthiest layers of society monopolize even more of the economy's assets (and hence, capital gains on these assets) than they do its income. This phenomenon has long been known, but not well explained. For instance, one recent observer (Wolff 1995:27) leaves capital gains out of account in his focus on explaining how the American economy has grown more top heavy in its wealth and income. Yet it is wealth that generates the income kept mainly by the wealth-holders.

When we talk of how much rent is generated, we therefore use the economists' view of matters.

The economic consequences of rent-taxation

Suppose the government were to tax all the \$600 billion or so land-rent immediately, or even phase it in. And what if it taxed capital gains? (Of course, if it taxed all the land rent, there would be no capital gains; but if it taxed only some of the landrent, there would still be some capital gains left to the landlord.) What would be the economic consequences?

First of all this money would be unavailable to the banks. They currently obtain much of the rent of land, as well as that of buildings. Landlords would default on their mortgages. Would the FDIC guarantee their deposits?

In any event, we can demonstrate the degree to which the real estate sector has become so thoroughly merged with the financial sector that it is well called the FIRE sector: Finance, Insurance and Real Estate. A single tax would break this combination. Bank and insurance-company lending would be directed more towards industry.

This would slow the real-estate bubble, which has been swelled in country after country by the fact that the largest category of bank lending and national savings is recycled into the real estate market. As these savings accrue interest and plow it back into yet more savings year after year, this obviously will mean an exponentially rising flow of savings into the real-estate market. It will create a bubble, to the extent that real-estate prices will rise so high that just to pay the interest on their mortgage debt will exceed the income that renters or other users are paying.

Calculation of the quantitative dynamics of this bubble, the rate at which savings increase, the proportion recycled into the market for land and other real-estate, and the mortgage interest charged on this recycling, must be the subject of research. An awareness of the bubble's existence is critical for understanding the dynamics that are responsible for shaping the real estate market and the evolving disposition of its rental income as between taxes, mortgage interest and net rental income left to the landlord.

THE USE OF GEOGRAPHICAL INFORMATION SYSTEMS (GIS) FOR DATA COMPILATION IN CAPE TOWN

Douglas Milne assisted by Dr. A Labuschagne

Executive Summary

The Cape Town metropolitan area consisted of 39 Municipalities and Councils and after the Local Government election on the 29th May 1996 was restructured into six Local Municipalities and a Metropolitan Council. The base dates of the General Valuation of the 39 previous authorities varies from 1974 to 1995 and rating done on either flat or composite rating. For the above some Local Councils used the Property Valuation Ordinance of 1944 and other the Property Valuation Ordinance of 1993. This results in no parity in Land Tax and an impossible task for the various Treasuries.

To facilitate a fast General Valuation for the City of Cape Town and the South Peninsula Municipality the data required to enable a site valuation at market value the GIS was used to collate, analyse and display the information for the Valuers.

Background

Previously the Cape Metropolitan Area consisted of 39 Municipalities and Local Councils each with their own General Valuation, Zoning Scheme, Billing system etc., (See plan Figure 1), many of the smaller authorities had manual systems and their data was not regularly updated.

Further the valuations were mostly carried out under the Property Valuation Ordinance, 1944 which was Market Value for the Land and replacement cost for the improvements minus depreciation.

In Gauteng one cent in the Rand were used for all substructures whereas in the Cape Metropolitan Area the option where each substructure will have its own cent in the Rand, was resolved at Cape Metropolitan Council level.

The Property Valuation Ordinance of 1993 was market value for land and, land and improvements. The 1993 Ordinance has recently 1997, been revised and will be used for the General Valuation to be implemented on 1 July 1999.

In addition the older General Valuations did not reflect the current relationships of Value between suburbs as there had been significant property increases in some areas whilst other remained static. Many areas also had not been previously valued (e.g. the Cape Town Docks and Waterfront, all the previous Black Local Authorities and much of the rural land).

The Treasury Problem

As can be seen on figure 1 and the table below the new Treasurers of the six municipalities had in most cases property valuations on a number of base years making the setting of the rate/rand value almost impossible in addition their Billing Systems have to be amended to deal with the incorporation of these problems.

In addition some of the old authorities charged separately for sewerage charges and solid waste removal while other included these costs in the rates, with the incorporation of these areas the level of services given also varies from virtually no services in the informal settlements to full services in other areas, so this factor needs to be taken into account in the levying of rates.

CAPE METROPOLITAN AREAS					
CENTRAL SUBSTRUCTURE	DATE OF VALUATION	SOUTHERN SUBSTRUCTURE	DATE OF VALUATION	BLAAUWBERG SUBSTRUCTURE	DATE OF VALUATION
Mandalay	1974-01-01	Cape Point Rural Area	1974-01-01	Mamre	
Philippi	1974-01-01	Constantia	1974-01-01	Northern Rural Area	
Weitevreden Valley	1974-01-01	Grassy Park/Lotus River	1974-01-01	Atlantis Residential	1981-01-01
Oudekraal	1974-01-01	Pelikan Park	1974-01-01	Cape Town	1979-01-01
Colorado	1974-01-01	Philippi	1974-01-01	Atlantis Industrial	1990-07-01
Schkaapkraai	1974-01-01	Philippi Rural	1974-01-01	Bloubergstrand	1992-07-01
		Sunnydale	1974-01-01	Melkbosstrand	1990-07-01
Pinelands	1981-01-01	Zeekoe Vlei	1974-01-01	Milnerton	1990-07-01
		Wetton	1974-01-01		
Cape Town	1979-01-01				
		Cape Town	1979-01-01		
Crossroads					
Ikapa		Fish Hoek/Noordhoek	1988-07-01		
		Simons Town	1988-07-01		
		Kommetjie	1990-07-01		
		Ocean View	1990-07-01		
		Ottery East	1990-07-01		
		Scarborough	1990-07-01		
		Llandudno	1990-07-01		
		Hout Bay	1992-07-01		

CAPE METROPOLITAN AREAS					
TYGERBERG SUBSTRUCTURE	DATE OF VALUATION	EASTERN SUBSTRUCTURE	DATE OF VALUATION	HELDERBERG SUBSTRUCTURE	DATE OF VALUATION
Borcherds Quarry		Eastern Rural Area	1984-01-01	Croydon	1995-01-01
Khayelitsha		Joostenbergvlakte	1984-01-01	Firgrove	1995-01-01
Mfuleni		Northpine		Gordons Bay	1995-01-01
Tygerberg Rural Area		Blackheath	1984-01-01	Helderberg Rural Area	1995-01-01
Belhar	1974-01-01	Blue Downs	1984-01-01	Lwandle	1995-01-01
Elsies River	1974-01-01	Brackenfell	1984-01-01	Somerset West	1995-0-01
Matroosfontein	1974-01-01	Eerste River	1984-01-01	Strand	1995-01-01
Ruyterwacht	1974-01-01	Kraaifontein	1984-01-01	Faure	1995-01-01
Cape Town	1979-01-01	Kuilsriver	1984-01-01	Macassar	1995-0101
Goodwood	1983-07-01	Penhill	1984-01-01	Sir Lowrys Pass	1996-07-01
Blue Downs	1984-01-01	Scottsdale	1984-01-01		
Bellville	1986-01-01				
Milnerton	1990-07-01				
Parow	1991-07-01				
Durbanville	1993-10-01				

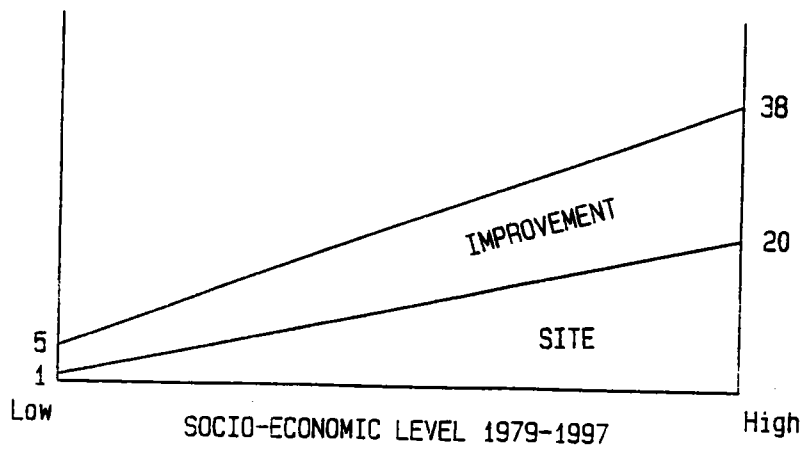
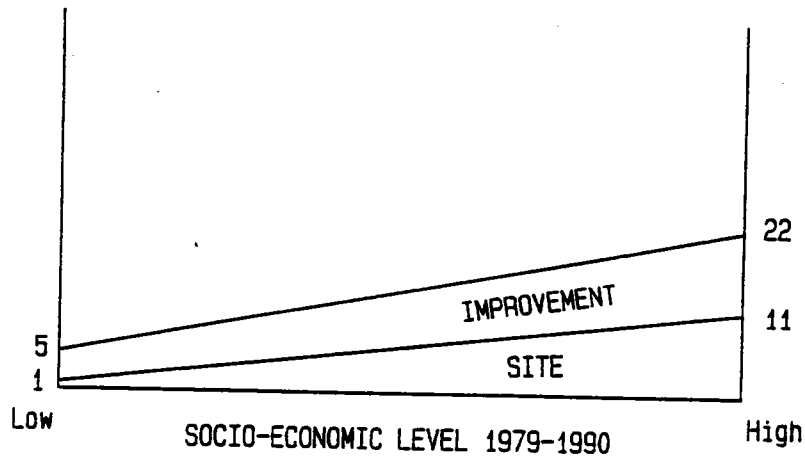
Sites	1023	1979	Improvement	4.944	1979
Sites	10,970	1990	Improvement	22.224	1990
Sites	20,019	1991	Improvement	37.777	1997

Site value increased from 1979 to 1990 by 972% (10.7 times) compared with improvements by only 350% (4.5 times).

The situation changed considerable in 1997 where the site values increased 1857% (19.6 times) compared with improvements by only 664% (7.6 times).

Figure 2

Diagram showing the inverse ratios using improved value between Low and High Socio-economic levels.

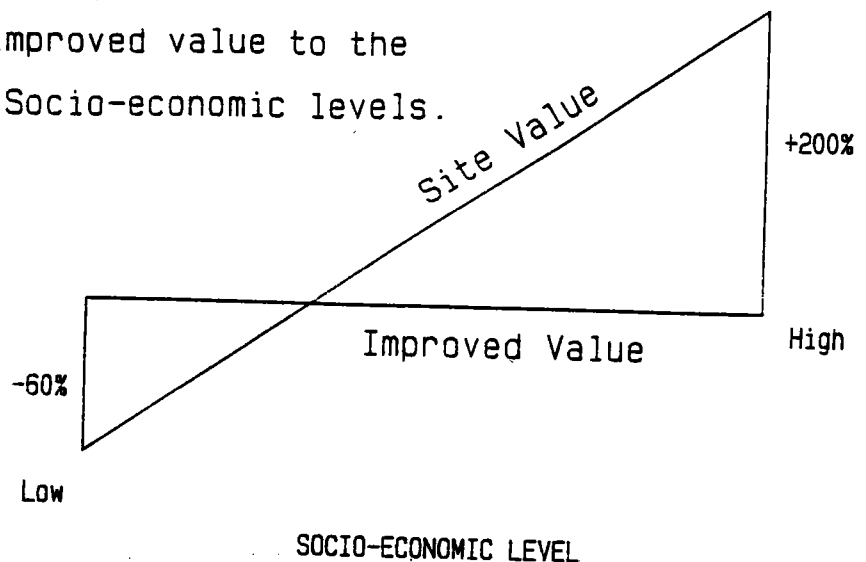


The inequities

Apart from the differing General Valuation base years the previous valuation system tended to proportionately make the lower socioeconomic areas pay more tax since the ration of land value to improvement value at the lower socioeconomic areas is opposite in the higher socioeconomic area (see below), which means that for some years the poor have been

Figure 5

Diagram showing the difference between site and improved value to the different Socio-economic levels.



paying relatively more than the rich. This is further exacerbated by the age of some of the valuations where it can be said that the poor are in fact subsidising the rich, this is definitely not constitutional.

Due to the apartheid system the social services in the poorer area are considerably less than in the previous white areas see Figure 3.

Since the new Constitution of South Africa demands equity and since we were embarking on a new General Valuation of site only a certain amount of preliminary analysis on Value had to be undertaken. It should be noted however that there is a direct correlation between Value and Rating (although the rating can be adjusted by rebates or by applying a differing rate/land value for the various uses).

The data available for analysis to look at trends and shifts was the 1979 General Valuation for the old Cape Town Administration and the 1990 General Valuation (not implemented due to it being overturned in Court on legal grounds) and present 1997 market values.

The trend between a Site Value and Site plus improvements in @1997 for the various Wards/Areas is as shown in the table opposite.

This data can also be depicted spatially (on the GIS) and can be seen easier, it is also interesting to note that the Site Value reductions on the residential component give a very close match to the Socio-economic levels (see these in figures 2, 3, 4). Further there exists an element of nonpayment of the present rates which exists mainly in the lower socioeconomic areas and can indicate that the present rates imposed are not affordable. This whole subject is a possibility for further study and investigation.

To depict this diagram metrically it shows clearly that by using the poor pay less and the rich pay more (Site Valuation as opposed to improved value). See Figure 5

WARD	AREA	RESIDENTIAL		COMMERCIAL/ INDUSTRIAL		SOCIO- ECONOMIC LEVEL
		Site	Flat	Site	Flat	
25,28 29	Mitchells Plain	- 69%	+9%	- 36%	- 36%	Low
35	Rylands Gatesville	- 16%	+ 47%	- 22%	- 41%	Medium
31, 32	Mannen- berg Surrey Estate	- 41%	+ 34%	- 16%	- 34%	Low
41	Newlands Bishops- court	+ 166%	+131%	- 6%	- 28%	High
42, 43	Camps Bay Sea Point Green Point	+238%	+168%	+115%	+ 5%	High
43	Gardens	+65%	+76%	- 33%	- 36%	Medium

It is significant to note that the commercial valuation both on improvements and site are less and this indicates that a shift in rates can be made to the Commercial/Industrial (which is in part tax deductible) to lessen the impact on the rich and also give more relief

The General Valuation

A decision to value only sites was made some months ago for the following reasons:

- (a) It is a fairer method of valuation and does not over burden the poor and
- (b) The time to complete a valuation on sites only is very much shorter than if improvements were valued and
- (c) It is well documented that Site Value Rating will promote development and thus provide more work and go part way to solve the unemployment problem.

In order to value sites only one must

- (a) Value the potential for development as determined by market value.
- (b) Analyse sales of vacant land sales in the various development (Zoning) categories and because of the limited number of vacant land sales, examine trends in homogeneous areas to determine deflators in order to reduce all sales over time to the General Valuation Base date.
- (c) Determine all restrictions on development.
- (d) Have all relevant data available for the above.

Data needed for the General Valuation

- Property Identifier (Erf Number and allotment area is a unique number).
- Property size
- Servitudes (assessments).
- Owners Name.
- Date of purchase and purchase price.
- Land Use.
- Zoning in terms of the zoning scheme.
- Departures from the zoning scheme.
- Historic Buildings.
- Restrictive conditions of title.
- The position of noise corridors which negatively affect the market value.
- The position of Schools/Shops etc which positively affect value.
- View.
- Total demolitions (eg. Vacant site) linked to sales.
- Property address.
- Property Reference Number required to valuation and billing

As can be seen a lot of data is needed and needs to be assimilated from the various sources into one data base so that the Valuers can be supplied with all the information required to execute their valuations.

The information held by the Deeds Office was used to get the Erf Number, owner, area, date of purchase and price since it was accurate and available in electronic form. It is necessary for the data base to be kept current and always to reflect the correct owner for billing purposes.

The Zoning, was electronically captured but the problem was that each Zoning Scheme had differing rights for Zones and certain rights could not be exercised on the smaller stands. This led to the introduction of Valuation categories for the ease of Valuation.

The information of street address, view, usage and steepness of the site were captured by field inspection. At the same time the levels of services were noted to be used in the rating process.

Figure 6

Example of Trend Analysis

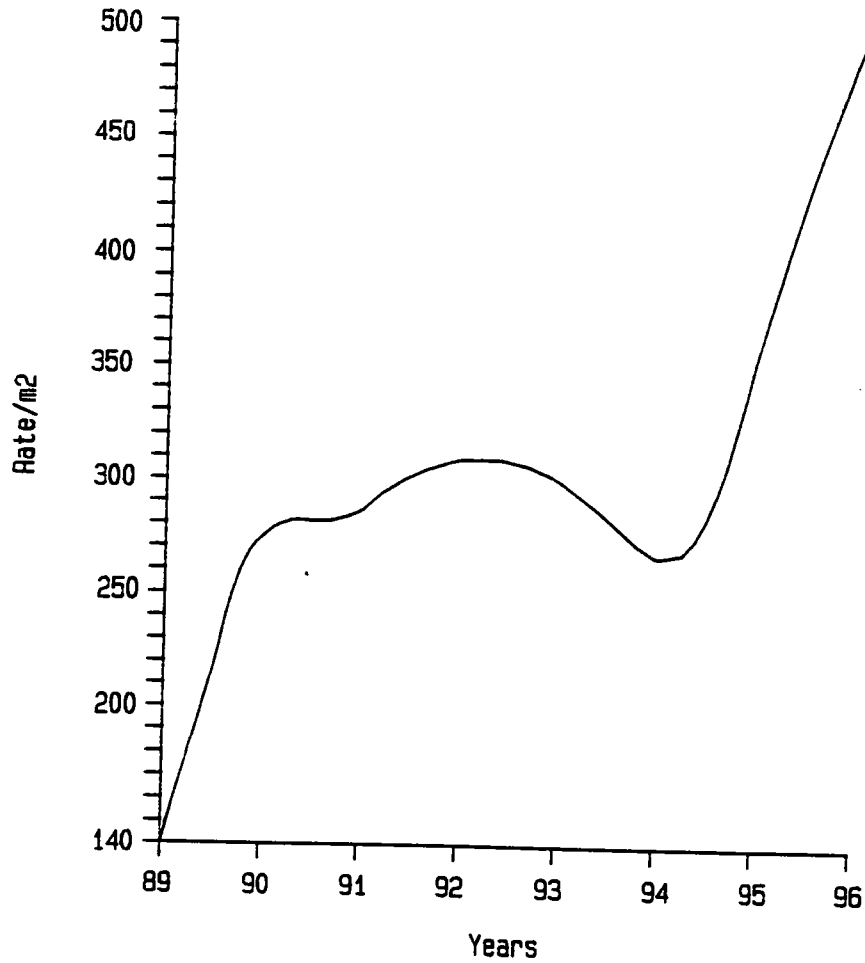


Figure 7

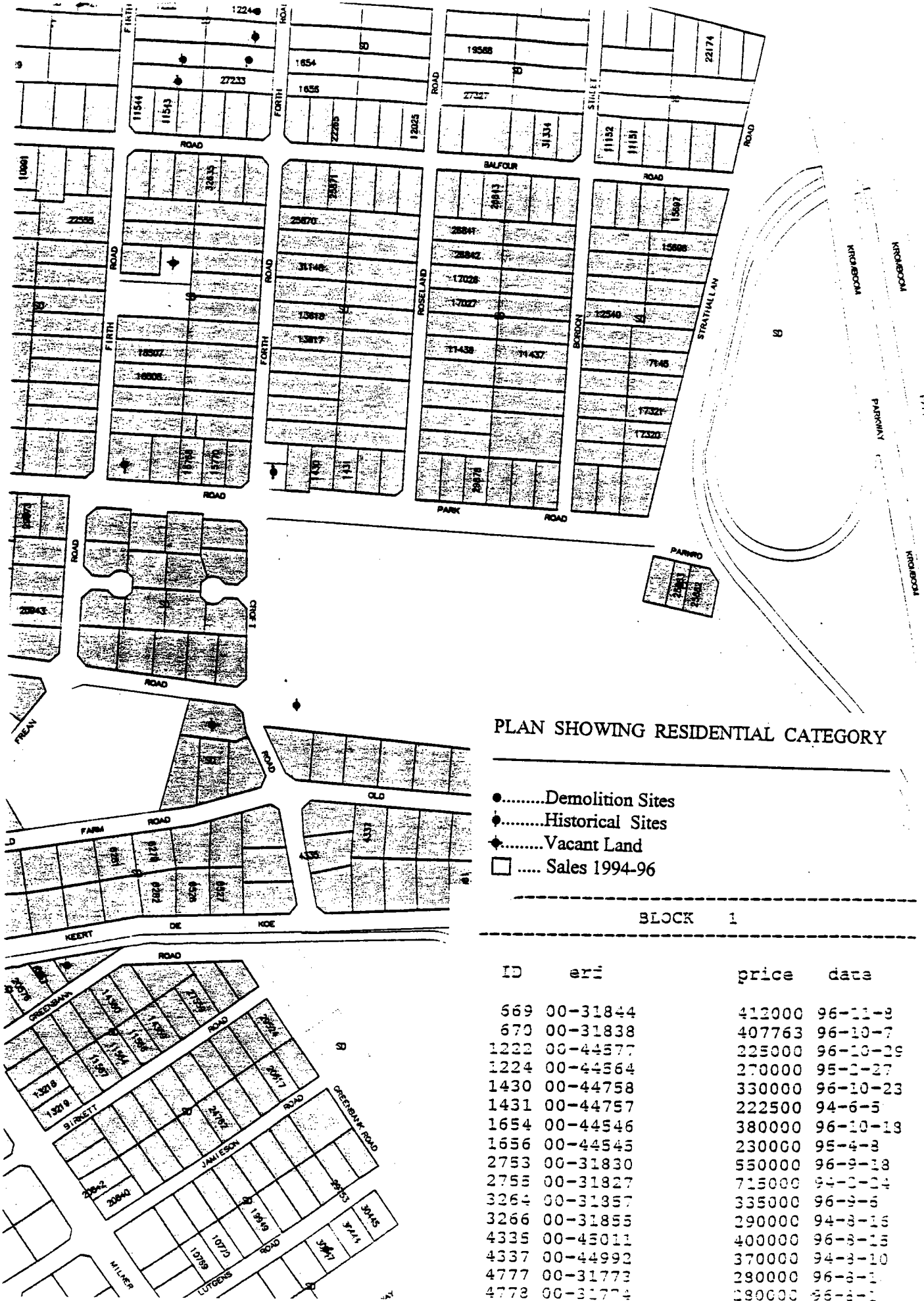


Figure 8

CAPE METROPOLITAN COUNCIL
KAAPSE METROPOLITAANSE RAAD
IBHUNGA LOLAWULO LWENQILA YEKAPA

SALES GROUPS – HOMOGENEOUS RESIDENTIAL AREAS



The Data Manipulation Process

The area had to be inspected and homogeneous areas identified (areas of like Land value), these areas were captured onto the GIS for analysis purposes.

On the Residential category

The total sales were banded into eight bands to try to link homogeneous areas and to analyse all vacant sales to determine the trend over the last seven years in the price of vacant land sales, to lead to the determination of deflators. If sales from other homogeneous areas produced too many "outliers" these were dealt with separately.

Investigation was also undertaken to determine how the rate/m² varies with the area of the land, the result of this investigation revealed that the smaller the property size the greater the rate/m². This relationship is represented either by a series of formulae or one formula and factors for the average size in an area as set out below.

Once the rate/m² is determined for a sample size within a homogeneous area or a number of homogeneous areas, this rate/m² was determined for each area and again applied to all the stands within that area(s).

The Commercial/Industrial Category

Again the Commercial/Industrial Areas are identified by the zoning, vacant land sales are collected (including sales back to 1986) and analysed to obtain the trend and the deflators for each homogeneous area.

General Residential Areas

A similar process is undertaken as above but there are three types that are indicated by market value which depend on bulk, built-in lines etc and these are low rise (up to 3 Stories) Medium size up to 7 Stories and High-rise which had to be examined separately.

Once the rate/sq metre is obtained for each homogeneous area this can be applied to the extent of each property to get a basic value, this value then has to be adjusted with regard to negative or positive factors that will influence the market value (e.g. view, noise, public transport, access to Schools and social services). Any market sales occurring during this exercise are to be collected and used to check the calculated market value (once deflated to the base year), any excessive differences will be investigated by physical inspection and if necessary the other calculated values fine tuned.

Another problem that must be adjusted is on the edge of homogeneous areas where in some cases there is a definite difference in market value whereas in other areas there is a gradual change.

Valuers Inspections to determine the homogeneous Areas

As there is considerable data all of which must be taken into account during the valuation process a method of producing this information in an easily usable form for the field inspections had to be found. After considerable consultation and several attempts it was finally decided to produce field maps for the Valuers by category showing the category, sales, vacant land, historic buildings, servitudes as shown in an extract Figure 7 & 8.

Valuation of the "Black Local Authority" Areas

The Black Local Authority Areas were administered by the state and then more recently by Local Councils. The problem is that in the last 5 - 10 years a decision was made nationally to change from purely rental of the properties to a 99 year Lease and the occupiers have and are still taking transfer of the Leases from the state, but these are not true sales. So it

Figure 9

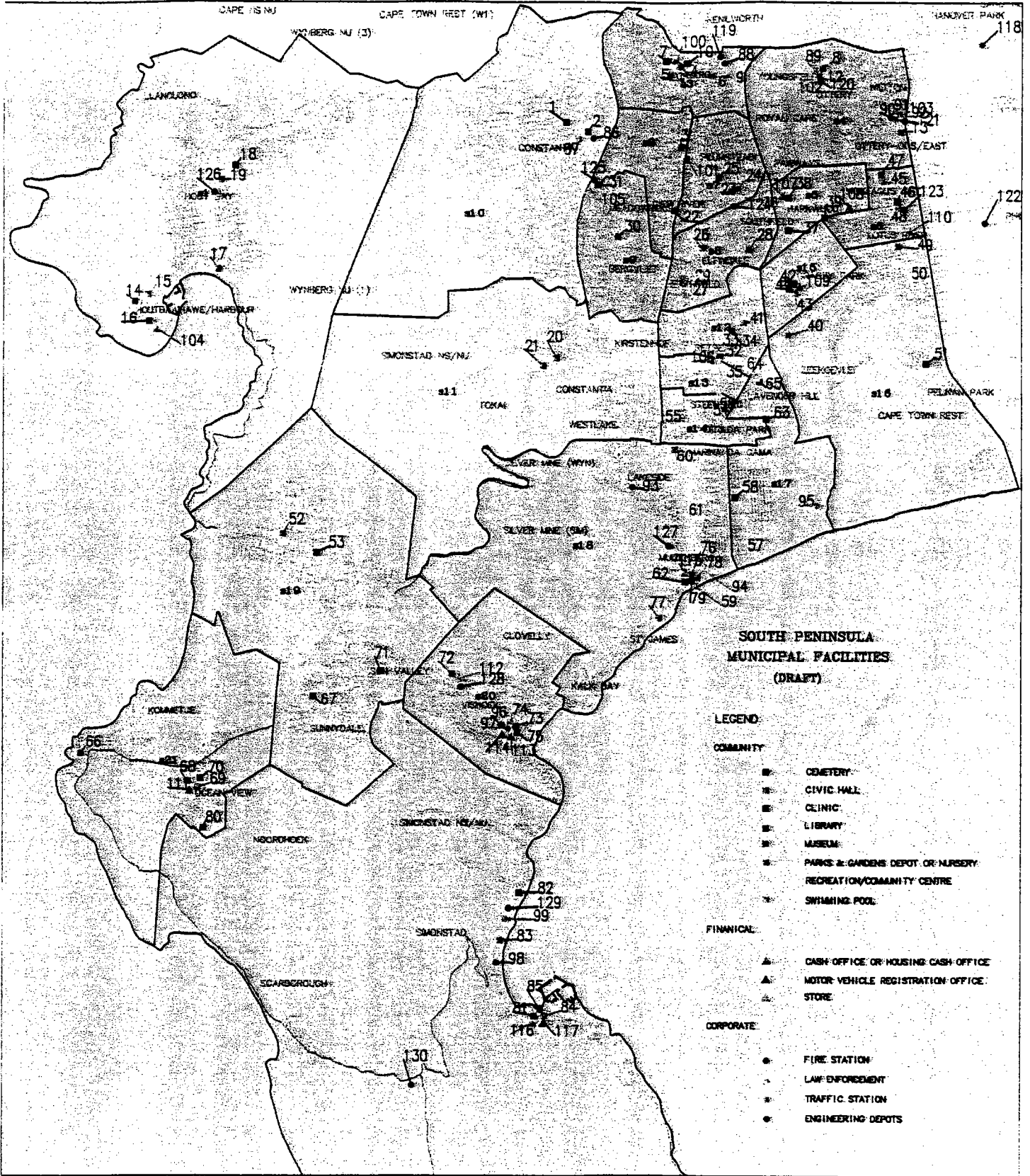


Figure 10

SCANNED IMAGE SHOWING FORMAL AND INFORMAL SETTLEMENTS

CAPE METROPOLITAN COUNCIL
KAAPSE METROPOLITAANSE RAAD

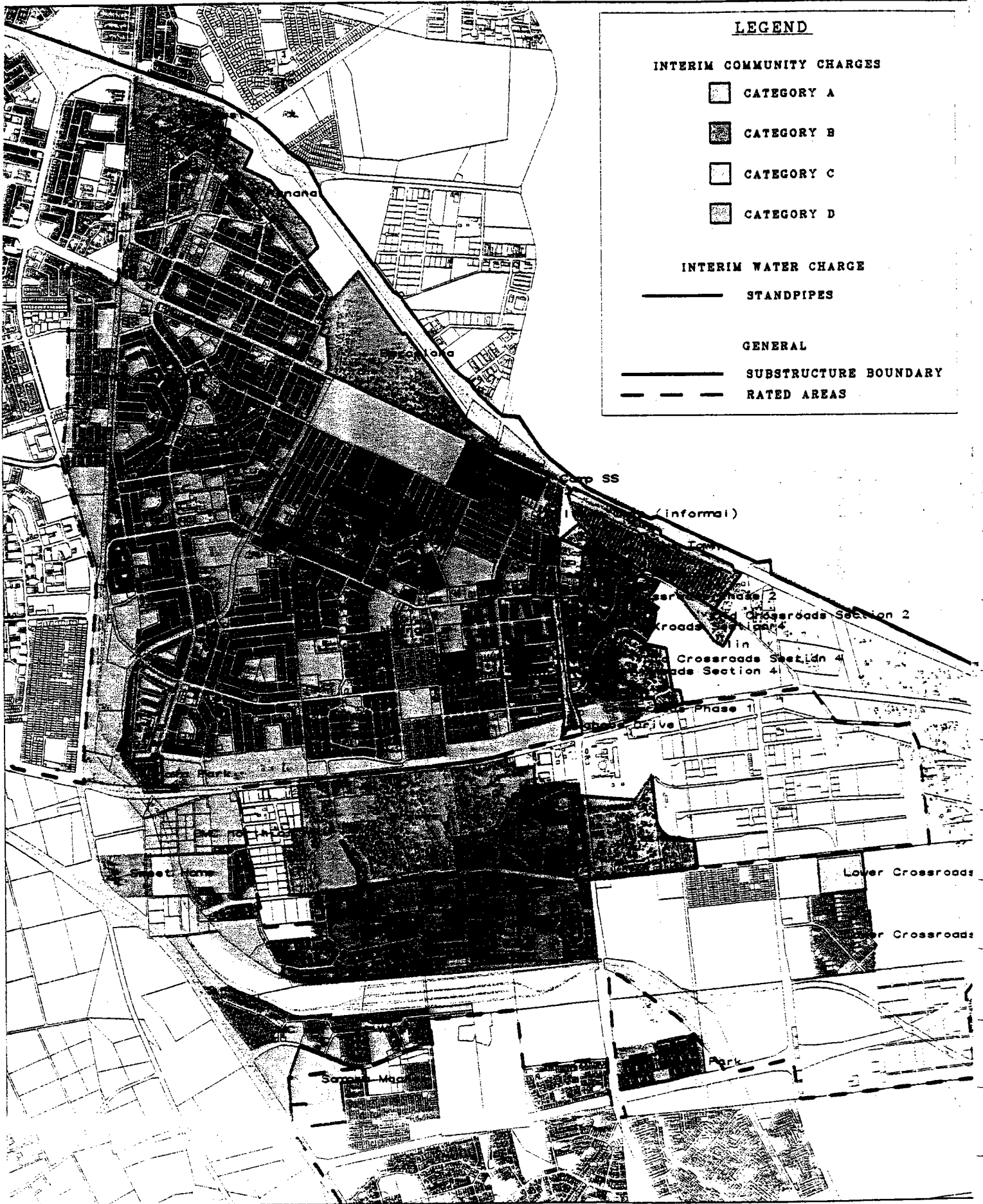
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IBHUNGA LOLAWULO LWENQILA YEKAPA

DATE OF PHOTOGRAPHY MARCH 1997



Figure 11
LEVEL OF SERVICE



is difficult to determine the market value of sites. Although there have been a few sales by Public Auction but these are mainly commercial sites.

The valuation may have to use rentals and a few sales to determine a market value. It is important to note that these areas have not been previously valued. A further problem in these areas is that the levels of service are in general lower than other areas. The levels of service have been investigated and are shown on the attached map Figure 9.

To get an idea of the density of housing in the formal and informal areas these are shown in Figures 10 & 11.

Capacity Problems with the Valuation Process

In Municipal employ in the Metropolitan area there are less than 30 Valuers with the majority working with the old Cape Town Administration. The General and Interim Valuations (with the exception of Cape Town) were completed by the Provincial Valuers for the other Municipalities.

The valuation process is now to be undertaken by the Municipalities themselves and the Provincial Valuation Section is phasing out over the next 3 years., their present capacity is 15 Valuers. In the Metropolitan area there are approximately 500 000 properties which in Cape Town 2 1 0 000 and South Peninsula Municipality 81 000. For the first General Valuation Cape Town and the South Peninsula Municipality have come to agreement that they will combine forces and form a combined Task Group to complete the Valuation before July 1998 to be implemented with the new financial year in July 1999 (unfortunately at the time of the next Local Elections).

Further the interim valuations for the old Cape Town Administration nets between R6-8m per annum additional income for the City which is very important considering the funds needed to service the underprivileged areas. This means that the work force must be split between the Interim and General Valuations and necessitates the employment of private Consultant Valuers.

In order to employ these private Consultant Valuers a questionnaire has been completed by all those willing to participate in order to assess their area of expert knowledge.

Further although a certain amount of analysis, trends etc have been carried out by the Council, to get a second opinion and to confirm our results a private Consultant who has national acceptance of being an expert in this field is confirming the trends and deflators for each homogeneous area as well as confirming the formulae for the relationship between rate/m⁻¹ and extent of residential erven.

It has now been confirmed that rate per square metre varies with extent of residential properties and can be represented by the "Modified Smal Formulae" as shown in the graph overleaf.

The "modified Smal Formulae" is as below.

A = Adjusted area of Stand in m²

m² = Adjusted area in square meters

X = A

Basic Erf Area in m²

$$y = \frac{(\text{Basic Erf area mm}^2 \times 42) - 4}{1000}$$

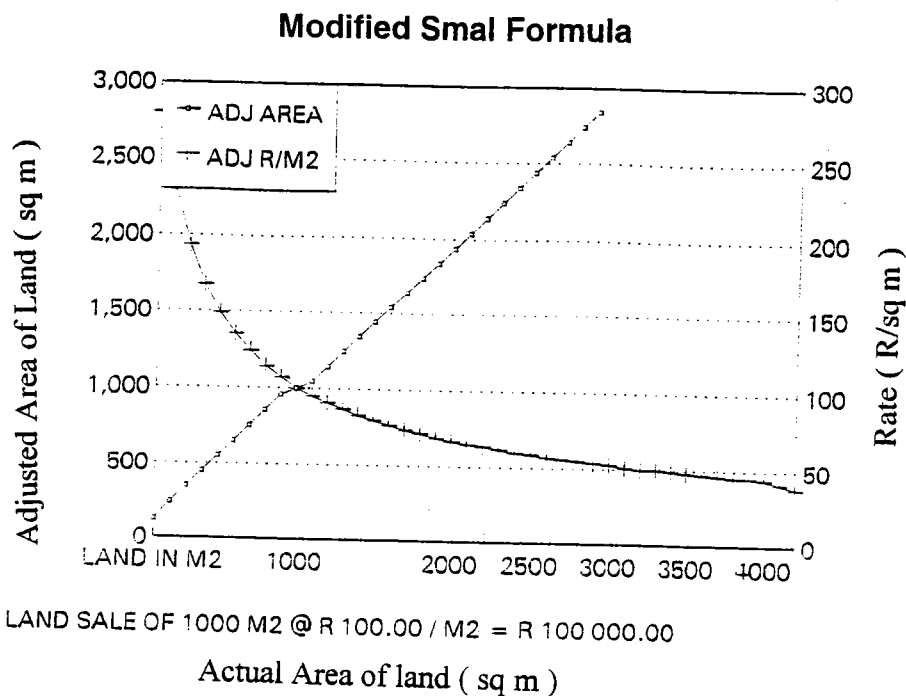
2

A=Area of stand in m²

Basic Erf Area is the average Erf area for a homogeneous area.

$$A = x^2 + xy \times 500$$

The calculated price is the sample rate m² multiplied by the adjusted area.



CONCLUSION

The decision to undertake the General Valuation on Site Market Value will achieve a number of positive results namely:

- It will enable the General Valuation to be completed faster than improved Market Value and therefore cost less.
- It will shift the ratable value and also the tax from the poor to the rich and commerce and be more equitable.
- Once all the information is collected subsequent valuations will be quicker and cheaper.
- The Interim Valuations will drop from approx 10 000 per annum to + 1 000 per annum or be cheaper to maintain.
- With the scarcity of Valuers it does not need as many and conforms to the general policy of down sizing or right sizing of municipal Staff.
- It does however need a public participation exercise which is just starting
- It will tend to promote development.

The negative results are:

- It will mean that owners of vacant land will have to pay considerably higher rates.
- It will also cause people who have not fully developed the potential of their property to pay more (or to develop their property).
- It does not value Sectional Title owners (owners of portions of buildings).
- It does not take into account distorted market values caused by group areas, but in time the market will respond and change.

Once the Valuation has been completed and the roll published the problems will really start, not the objections to the roll but the modelling of the rates and the setting of the rate in the Rand.

The Valuation will have in certain areas of the high socioeconomic residential group increases of over two hundred percent which will not be acceptable to the Ratepayers. The rates increase needs to be restricted to an acceptable limit which may be able to be achieved by shifting some of the burden to the Commercial Sector but care must be taken not to over burden the Commercial Sector also. In this exercise the various scenarios need to be fully workshopped with the public as to make the City run they all need to pay their rates.

SUSTAINABLE DEVELOPMENT: THE ROLE OF RENT

Abstract of presentation by James Robertson

1. Environmentally sustainable development is now on the mainstream agenda worldwide. Many people still assume that there have to be trade-offs between environmental, economic and social policy objectives. But awareness is growing that synergies can be sought between all three.
2. Ecotaxation (taxing the use of energy and other resources, including the environment's capacity to absorb pollution and waste) is now widely seen as a necessary component of sustainable development.
3. Ecotax Reform (combining introduction of ecotaxes with reduction of existing taxes, e.g. on employment) is gathering support, notably (but not only) from the European Commission.
4. Land Taxation does not yet figure significantly in the mainstream approach to sustainable development or ecotaxation.
5. There are strong arguments for recognising a site-value tax on land as a resource tax to be included in ecotax reform.
6. In order to press the merits of site-value taxation in this context, Georgists will need to show how site-value taxation will help to conserve resources and the environment, as well as contributing to economic efficiency and social equity.
7. Issues that arise include the following:
 - The principle on which environmental economists base ecotaxation is the need to internalise costs that are now externalised. Site-value taxation is based on the Rental principle. How far would it be possible to base ecotaxes (including taxes and charges on energy use, materials use, pollution and traffic congestion) on the Rental principle?
 - Ecotaxes tend to hit poorer people relatively harder. Would this regressive effect be offset by site-value taxation? Insofar as it would not, it would be necessary to distribute some part of the revenue on a per capita basis (e.g. as a Citizen's Income).
8. In conclusion, Georgists should seize the new opportunity - offered by the growing interest in sustainable development and ecotax reform - to press the merits of site-value taxation in mainstream discussions and public debate.

JAMES ROBERTSON: After 20 years in government (including the Cabinet Office), systems and organisation consultancy, and interbank research, James Robertson has worked as an independent writer, speaker and consultant. His last book was *Future Wealth: A New Economics for the 21st Century*. Earlier this year he presented a Briefing for Policy Makers on "The New Economics of Sustainable Development" to the European Commission.

THE CREATION OF AN URBAN LAND MARKET IN RUSSIA

Tatyana Roskoshnaya

“About Payments for the Land” was one of the first laws aimed at reforming Russia. Its implementation dates back to 1991, which means the Law was prepared before the beginning of Gaidar’s reforms. It was an important and well prepared law, which took into account the realities we had then and aimed to improve the whole system of land use.

Land reform was declared in Russia in 1990 but it had not started. Land policy was not clearly formulated. Unfortunately there was and still is a very sad lack of understanding of the real importance of land and its role in the economy, especially the opportunities presented during the transitional period. Few were able to see the difference between privatisation of land use and privatisation of land rent.

In the development of land theory in Russia during the Soviet period the focus was on agricultural lands mainly because it was important to equalise conditions for economic activity in different parts of the country more equal. A special methodology of land valuation in rural areas was developed. The main point here was land’s productivity. Less attention was paid to urban lands but by the time of the reforms there was considerable progress in urban land valuation as well. It was impossible to use market data, but there definitely were rental elements in the methodology and it was realistic to develop and adjust it as market conditions evolved. But shock therapy changed everything and evolutionary development was interrupted.

Since 1992 the land market developed on the basis of Presidential Decrees, and it is possible to trace a shift in the evolutionary approach which dominated the beginning towards strong efforts to copy a conventional Western system. This was a regressive (backward) movement. The process started with a decree which permitted the free use of land in some special cases. Very soon the majority of cases became very special and resulted in the refusal of enterprises to return the land they were not using themselves and decisions to use their land in another way (earn money by renting it out). The result was that even in Moscow where the land market is comparatively advanced they are able to collect payments (either land tax or leasing payments) only from 15% of land in use.

In 1995 the Government started to speed up privatisation of land under the privatised enterprises for very low “normative” prices. To persuade enterprises to do it (and there were and still are a lot of directors who are convinced that they do not need to buy land to make the productive process more efficient) purely Georgist arguments were used.

At the end of the same year a Civil Code passed both Chambers of Parliament and which made it possible to buy and sell land. The Land Code is a kind of compromise but as soon as it becomes law the corresponding chapter of the Civil Code becomes active to allow the buying and selling land. In spite of the Russian tradition it was declared land should be combined with the buildings and constructions on it. Urban lands are practically exempted from the Land Code, and separate laws are to be written. The Land Code now deals exclusively with farmland.

A considerable sum of money was given to Anatoly Chubais’s government to create a programme of reforms in addition to the money previously spent by western agencies to persuade Russia that progressive development of the economy was contingent on adopting

the West's system of land markets. One of the main conditions of the IMF and the World Banks loans is privatisation of land.

Unfortunately, no country in the world (Land Committee specialists had by now visited many of them) was able to demonstrate an alternative working system of land relations. And the realities of our imperfect world are not designed to persuade Russia's lawmakers and administrators that an alternative system was more effective. The outcome is that, in Russia today, we are creating a monopolistic land market. Leasing payments are determined by civil servants and there are a lot of opportunities for corruption. There is no proper control in this sphere, and the level of those corrupt payments is very high.

A lot of specialists who came to work in Land Committees, which were organised specially to promote land reform, promoted the privatisation process by using evidence from Western countries. They sincerely think there can be no actively working land market without private ownership. They fail to differentiate between private possession of sites, and private appropriation of the rent of land.

The situation we have now can hardly be called a market. Evidence from a number of auctions does not give reliable data. And under these conditions the President earlier this year signed a decree to ensure that information about land and real estate is treated as confidential. That is why, to make serious progress in the implementation of the rental approach, we have to unite efforts and make a break through in at least one place. This is necessary, to confirm that the model we proposing can work and work effectively.

The picture from Russia is not without hope. There are definite possibilities, for example at the regional level.

One more very important aspect needs to be emphasised - a correspondence between the tax system and rates of taxation with land rent. The Tax Code proposed by the federal government to the Duma in June is very bad: it threatens an even heavier tax burden both for the population and enterprises, but it provides a lot of advantages to foreign investors and encourages capital flight from the country.

The Tax Code (if it passes in its present form) will have a negative impact on the cities too, because they have to make a shift from collecting the land tax to a general tax on real estate (the property tax is modelled on the Western tax).

Some Russian cities have started to sell their bonds on the internal and even European market. Without proper use of the money raised they will be hardly able to repay them. The Henry George model of public finance offers a correct direction for self-financing the development of infrastructure in the cities.

During June/July, 1997, many articles in the Press levelled criticisms at the Tax Code. There is even a movement among entrepreneurs to unite efforts against the Code. We are establishing contacts with the various groups and forces, and with politicians who are ready to listen, learn, understand and correct their programmes. Our strategy is to explain to them that the creation of the Western type land market is not going to solve our problems in the cities. Publishing information to educate people in the sphere of land relations, to show them the interconnectedness of the economy and the social sphere.

But there is some progress, such as with the creation of a cadastre system. And opportunities will continue to present themselves for so long as Russian cities are desperate to find a proper source of finance: they do understand that it is better to be self-sufficient, if this can be achieved, to reduce their dependence on "the centre".

TATYANA ROSKOSHNAYA Ph.D. is Executive Director of the Land & Public Welfare Foundation, St. Petersburg. She is co-author of the critique of the Russian Land Code (Moscow 1996), and she is currently engaged in advising federal government agencies and municipal governments on fiscal reform.

CONVERSION TO SITE RATING IN THE CAPE METROPOLITAN AREA SOUTH AFRICA

BILL STIBBE

INTRODUCTION

Shortly after my being elected as a Ward Councillor our Chairman of the Executive Committee gave me a file and a copy of "Land Tenure a Time Bomb ticking in South Africa" by Godfrey Dunkley. "As you are a Property Valuer please follow this up" was his mandate to me.

Godfrey stated in his conclusion

1. That good land should not be withheld from productive use.
2. That land should be available to those best able to put it to good use.
3. That the rent value of land should go towards subsidising those unable to support themselves.

For the first time I saw that socialism, communism and capitalism were not the only systems but that Land Tax on the Rent Value for land had possibilities for eliminating dire poverty which I had not considered possible.

I believe that Land Tax in South Africa should be the only means by which the Government raises finance. Fortunately the moves towards implementing site value rating in the Cape Metropolitan area are in process.

Taxation creates behaviour patterns amongst citizens, for example cigarettes are taxed to encourage smokeless people. It is well known that taxation is a source of Revenue for Central Government and that property tax plays a role for Local Government funds/income. Rate tariff and rates in general are very controversial topics for political leaders and for Local Government Councillors in particular.

The previous 39 Municipalities of the Cape Town Metropolitan Area have been reduced to 6 Municipalities. This has happened with the restructuring of this area under the new Political Dispensation in South Africa.

CHALLENGES

Two objectives have emerged for these new Municipalities:

1. The urgent need for a new Valuation. This is because Municipalities need to ensure that Rates are charged on a common basis within their area. The Bill of Rights in The Constitution Republic of South Africa Second Amendment Chapter 2 Section 9 Equity states that there must be no unfair discrimination against any one. However, at present the Valuation Rolls are inconsistent within the Municipalities because of boundary changes and different base dates ranging from 1974 to 1994. Some Valuation Rolls are highly outdated and inaccurate and in some areas there are no valuations at all.
2. Metro-wide Valuation and, therefore, a common Valuation Base Date across the Metros are needed to establish uniform financial redistribution. , Because as stated in (1) the existing Valuation Rolls have been prepared at different dates. Furthermore, the common rating system across the metro required under Bridging legislation does not imply common Rate in the rand.

BACKGROUND AND ACTION TO SITE VALUE RATING

According to the Local Government Transition Act, as amended and which came into effect on 22nd November 1996, the Local Councils can levy and recover property rates provided that a common rating system as determined by the Cape Metropolitan Council is applicable within the metro area. The Metropolitan area of the Cape consists of approximately 2.5million people and the Site Value Rating should have a positive effect on each personal livelihood.

Site Value Rating should avoid Ratepayer dissent on existing inequitable systems and avoid legal challenges under the new Constitution. The following 2 factors come into play.

Incorporating the public/ratepayer in this transitional period requires sensibility and professionalism. It is suggested that Municipalities take advice from professionals such as Saatchi & Saatchi. Time constraints were a motivating factor because if a new General Valuation was carried out along the lines of site and buildings at market value then we would be unable to implement the new rating until at least July 2002. All the buildings would have to be measured and internal inspection be needed. Therefore site only valuation has been chosen for the pragmatic reason that it could be implemented by July 1990-9.

A Committee of Enquiry known as the Justice Steyn Committee had suggested sometime back that site rating was the best option and the justice gave many of the right reasons: -

- 1 . Gives close accountability between Local Government expenditure and site value.
2. Promotes development.
3. Limits land speculation.
4. Is elastic - relates closely to market trends.
5. Is simple and cheap to carry out a General Valuation using the market value of land only. The Steyn report also said the following of flat rating:
 1. It inhibits growth and development as it taxes capital investment of business, new houses and home improvements in decaying areas.
 2. It offers tenuous levels of accountability.
 3. The under-utilisation of available land leads to urban sprawl and undermines the (MSDF) Municipal Special Development Framework.

The General Valuation shall be carried out in two phases.

As there are six Municipalities it was proposed that two 'groups of three Municipalities be established and be dealt with in turn. When the first group, Southern, Central and North Municipalities have completed their General Valuation, the Tygerberg, Helderberg and Eastern Municipalities will proceed.

This approach could result in the billing process for the first team by July 1999 and the second by ± July 2000.

Cape Metropolitan Area would compete internationally for trade and the six Metropolitan Local Councils would compete with each other for work, thus improving the competitive edge of our industries and services.

Thus an attempt would be made by all Municipalities to achieve equity under the new Constitution of South Africa.

DEVELOPMENT INCENTIVES

In the Cape Metropolitan Area at present we tax all capital investments in property i.e. owners are penalised for improving their properties . Instead, we need to look at tax breaks for capital investment and to consider "Free Trade Zones" and "Export Processing Zones".

The following statistics speak for themselves, Godfrey Dunkley (President Dunkley) compared South African towns of over R200m total value over a ten-year growth. Comparing specifically flat rating system with site value rating, the growth of towns using flat rating from 1974-1984 it was shown that 189% and that for site value rating was 413%.

CONCLUSION

The revolution towards Land Tax only has commenced in South Africa. I believe that we need as much encouragement as possible from international Georgians and with it we will succeed.

At present in South Africa the idea holds that if you want a spiritual revival bring in an American Preacher such as Franklin or Billy Graham. Let us hope that the South African Revolution will be so successful that when a nation want an economic revival, they call in the Preachers of Land Tax from South Africa.

Acknowledgement is made to the writing of Henry George and Godfrey Dunkley.

RENT & THE SOLUTION OF SOCIAL, ECONOMIC AND ECOLOGICAL PROBLEMS: A VIEW FROM RUSSIA

Galina Titova

THE WORLD community is now reviewing the first 5 years' results of the practical realisation of the decisions of the UN conference for environmental protection and development in Rio. The decisions were supposed to overcome the traditional approach of trying to solve social, economic and ecological problems separately. It was especially emphasised in Rio that, in the 21st century, it will be important to make the world order more fair because it is very difficult to provide for the security of our planet if the gap widens and deepens between rich and poor in this unjust world.

The 5 years since the Rio conference have shown that ecological threat for the world remains and is increasing with the growth of poverty. Unfortunately, the relations of mankind with nature are affected by national selfish interests, which prevail. The leaders of the developed countries prefer to ignore illegal deeds, such as the buying and selling of land and natural resources; problems associated with the restoration of nature and the rehabilitation of countries that are suppliers of raw materials. Not enough attention is paid to the necessity of structural changes of public finances (transfer of the taxation burden from labour and capital onto payments for nature use). The idea that money can be deployed to rehabilitate nature itself is not widely understood and supported.

In the light of the Rio documents Henry George's ideas about single tax sounds not only modern but they are today even more actual. They were not used at full measure for the Agenda for the 21st century, though criteria of the sustainable development which took into account Georgist approach, had been proposed by Michael Young from Australia in his book, commissioned by UNESCO as part of the "Man and biosphere" programme*.

It was recognised at the Rio conference that the principle "a polluter pays" does not solve the problem of the search for the optimal sources to finance ecological needs. It was proposed to add the more modern concept "the user of natural resources pays". But if we want to avoid ecological and social crises, to have a fairer world order, the only way is to implement Georgist principle that "a user of nature pays at full measure for the benefits he receives".

In the quest to reduce the contradictions and to find a mechanism to withstand global ecological crises, Russia has a special responsibility. This is not only due to the fact that Russia occupies one-seventh of the land surface and is very rich in natural resources, but also because of its climatic conditions and the vulnerability of its northern ecosystems to the anthropogenic burden. For despite the rich resource base, Russia's potential is average or less favourable for living and economic use. To provide a sustainable development under these conditions means higher costs of housing, more social spending and more energy used per head of the population. In this context Russian politicians have to be very cautious about adopting the western stereotypes that have been recommended by western advisers in the course of the reforms. These have resulted in a widening of the gap between different groups of population. In contrast, Georgist solutions could have helped to solve the social, economic and ecological problems.

It may look as if there are no obstacles to use rent as public revenue in Russia. Since

1992 it had been declared in the laws that rental payments are an essential part of public revenue. But the proposed methods for it have very little to do both with rent according Henry George and rent according Ricardo. Payments for the use of natural resources in addition (not instead of) other numerous taxes are making the situation of the producers unbearable, though estimates suggest that 2/3 of public revenue could be collected this way instead of 7% now (including excises).

The new Tax Code, which received its first reading in the Duma in June, lacks any understanding of the essence of rental taxation, though it is declared in the preamble for the Code that it has to provide "widely recognised principles of justice, equality and rationality" and "equal conditions for the activity of all tax payers". Rental payments are the best for realisation of these goals. But the Tax Code proposes a mechanism (for all kinds of natural resources) which does not permit the collection of mineral rent. The Tax Code does not include anything new to realise the opportunities and mechanisms for gradual replacement of the profits tax by rental payments in the raw materials industries. Instead, payments for natural resources are treated as one more tax to be included into the cost of production. It means that the consumer will pay for it. Russian authorities have demonstrated once more their full ignorance of the fact that there are deep historical roots in Russia in studies of theory and methods of rental taxation.

During the Soviet period the regulation of rental relations used to be done with the help of the mechanism of economic price regulators. For example, in practice the purchase prices for natural raw materials were highly differentiated. The change to the market allowed the implementation of other ways to extract mineral rent. But rapid liberalisation in 1992 totally destroyed former price methods together with the data base, which could be used for market purposes to determine a nominal market price to start with. Those nominal prices could be later adjusted on the base of new market evidence. But instead all natural resources were given away to monopolists - rent seekers - to use them without any control.

The actions of Russian radical reformers did not correspond to the Rio decision to halt the use of nature as if it were a "free commodity" and to adopt economic methods that would achieve sustainable development. Russia has a very sad experience of dogmatic attitude to economic theories and political doctrines (e.g. Marxism). And it is bad to permit the same towards Henry George's ideas, which were formulated when there were no signs of global ecological crises. We have to develop his ideas and adjust them according to present realities. We have to define the optimal combination of principles of freedom for entrepreneurship and economic regulators to neutralise the actions of corrupted civil servants and speculators, and to increase the effectiveness of decision-making in the use of nature. This whole prospectus must also include the destruction of the monopoly power which imposes limits on access to information in Russia, which restricts the analysis of the issues upon which I have touched above.

GALINA TITOVA PhD is a specialist in the economics of natural resources. She is a chief of the "Economy of nature use" sector in the Russian Academy of Sciences, Centre for Ecological Security, St. Petersburg. She is Vice-President of the Land & Public Welfare Foundation. For 30 years she has studied rental problems, originally in fisheries and more recently the rental problems associated with all natural resources. She is an author of the law "About complex use of natural resources" which was adopted by the Leningrad regional government in 1996. She is adviser to the Minister of Nature Use, Leningrad Regional Government.

REFERENCE

* M.D. Young, *Sustainable Investment and Resource Use*, Paris: UNESCO, 1992.

THE REAL ESTATE OF THE EGIBI FAMILY IN BABYLON (600 BC)

Cornelia Wunsch

1. The Egibi archive might originally have contained 2500 to 3000 tablets covering more than 100 years from the reign of Nebuchadnezzar II to the beginning of Xerxes' rulership (6th and early 5th centuries BC). They show members from five generations of this family actively involved in business transactions.
2. The tablets came to light in the early 1870s through clandestine excavation. Most of them were acquired for the British Museum.
3. The size and location of the family's landed property can be deduced from various kinds of records. Land sale contracts used to indicate at least the rough location, names of the neighbours, surface measure, quality and price of the property; often they contained exact measurements of the sides and the price rate according to different agricultural use.
4. We have only accidental evidence about resales. There is no contract preserved that names a family member as vendor. It is only through exchange records, debt notes or receipts concerning balance payments of the purchase price or account settlements between family members with regard to their inheritance shares in sold properties that we can trace sales made by the Egibis.
5. We lack most of the records referring to fields and gardens that temporarily belonged to the family. This makes it difficult to deduce to which extent estates were bought and resold in order to obtain bigger or more suitable ones, or, whether the Egibis were involved in speculation or not.
6. Rent contracts and debt notes concerning commodities to be delivered from rented properties by the tenant are the main sources of information about land use and income.
7. The biggest plot of land that was ever purchased by a member of the Egibi family was an estate of 24 Kur (about 324,000 sq. metres) located on both sides of the New Canal opposite the Enlil Gate outside the walls of Babylon. Four brothers were vendors. The purchase price, 22 minas and 20 shekels, was not handed over to the vendors, however. It was given to the Esagil temple as compensation for claims against the four brothers concerning oxen property. The land sale had been ordered by the king, Neriglissar, and it is not surprising to find the buyer profiting from his good business connections with the king. He actually bought the field at a cheaper price than the previous owner.
8. Within 15 years the field had undergone intensive cultivation and the proportion of date orchard increased considerably. Over the years date palm cultivation was pushed to the limit that the irrigation devices permitted. This is indicated by a stipulation in a rent contract (BM 31401) where one of the tenants is permitted to cultivate an area in addition to his lot which has to be watered with buckets (i.e., it could not be irrigated directly).
9. Arable land cost less than gardens. One shekel buys 30 to 100 GAR, depending on the proportion of fallow or low quality land. Price also depends on other circumstances which cannot be learnt from the sale contract: geographical details, access to water and ways, quality of soil, circumstances that lead to the sale, etc.
10. Increasing wealth and power are mirrored by a great number of land sale contracts from this period. Location is usually specified with respect to rivers and canals, the city gates, and their neighbours. There is a preference for certain areas, both concerning trade connections and land purchase. Exchange contracts indicate a tendency to sell single lots,

especially outside the Babylon area, in return for adjacent ones in areas where the family already held properties.

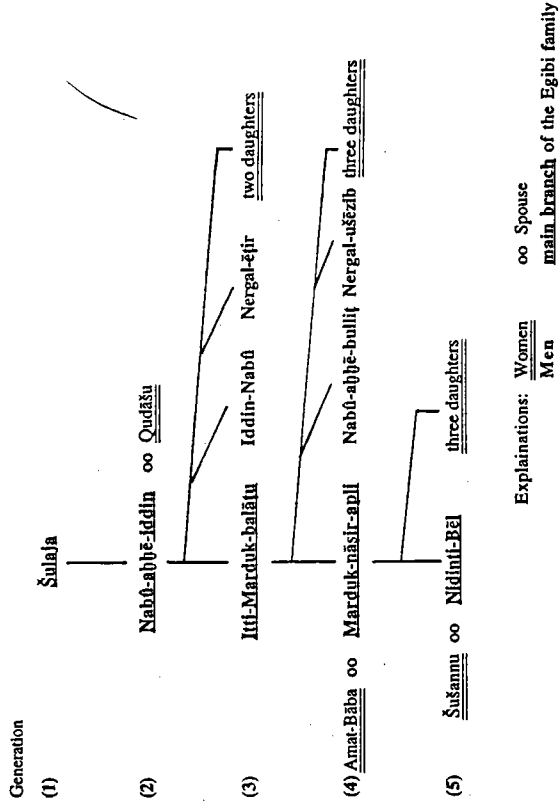
11. Date orchards with fruit bearing trees inside the city walls fetched the highest prices followed by those outside but close to the city. One shekel of silver (about one month's wage of a hired worker) buys three to ten GAR (22.5 to 75 sq. metres). Gardens with only or partially young trees or scattered date palms are cheaper. Prices also depend on the density of the palm trees.

12. Fields could be bought on credit with the purchase price or part of it paid several months or even years after the sale took place. This seems to indicate a general change in the family's business strategies that deserves more study.

Attached: Map of Babylon in the 6th century BC and map of some of the Egibi holdings abutting the New Canal, from a tablet in the British Museum.

*CORNELIA WUNSCH received her Ph.D. from the University of Heidelberg.

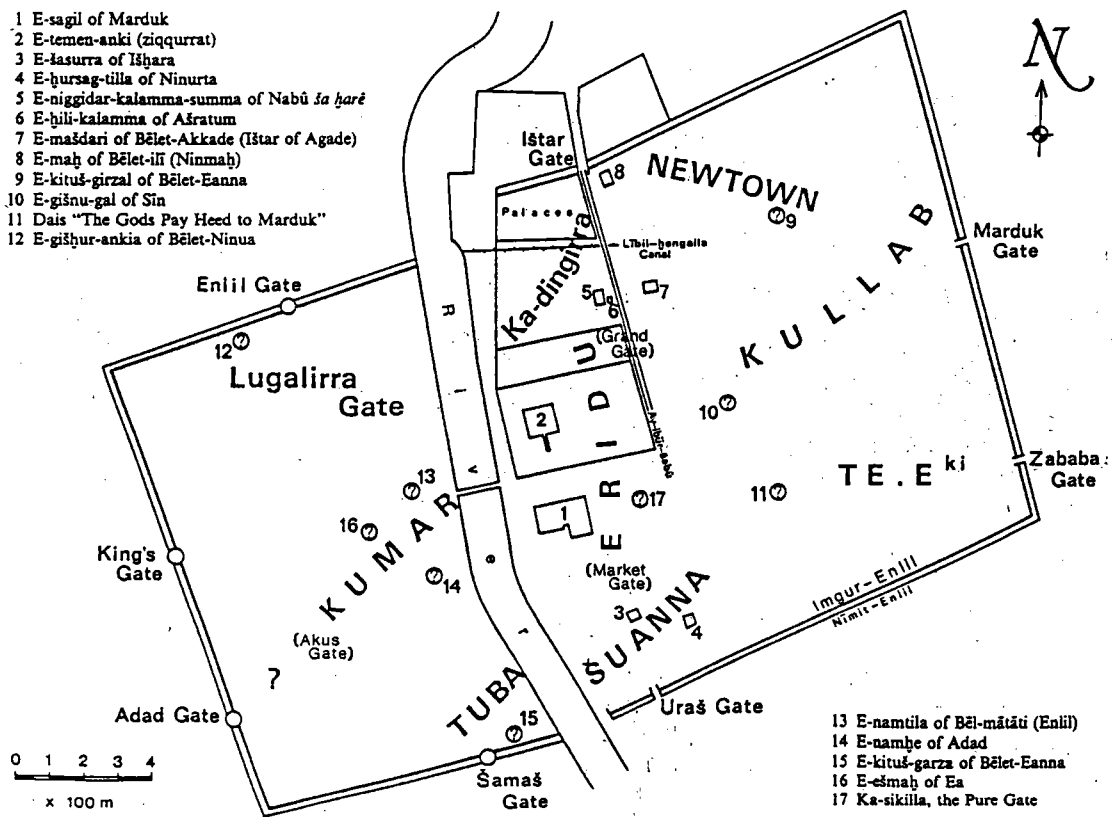
Genealogical tree (abbreviated)



The chronological framework

Egibi generation	Years, King	Years, Julian calendar
(1) Šulaja	20-21 Nabopolassar	606-605
(2) Nabū-abḫē-iddin	0-23 Nebuchadnezzar	604-582
(3) Iṭti-Marduk-balāṭu	15-43 Nebuchadnezzar	590-562
(4) Marduk-nāšir-apli	0-2 Evil-Merodach	561-560
(5) Nidinti-Bēl	0-4 Neriglissar	559-556
	0-13 Nabonidus	555-543
	5-17 Nabonidus	551-539
	0-9 Cyrus	538-530
	0-8 Cambyses	529-522
	0 Darius	521
	1-35 Darius	521-487
	32-36 Darius	490-486
	0-4 Xerxes	485-482

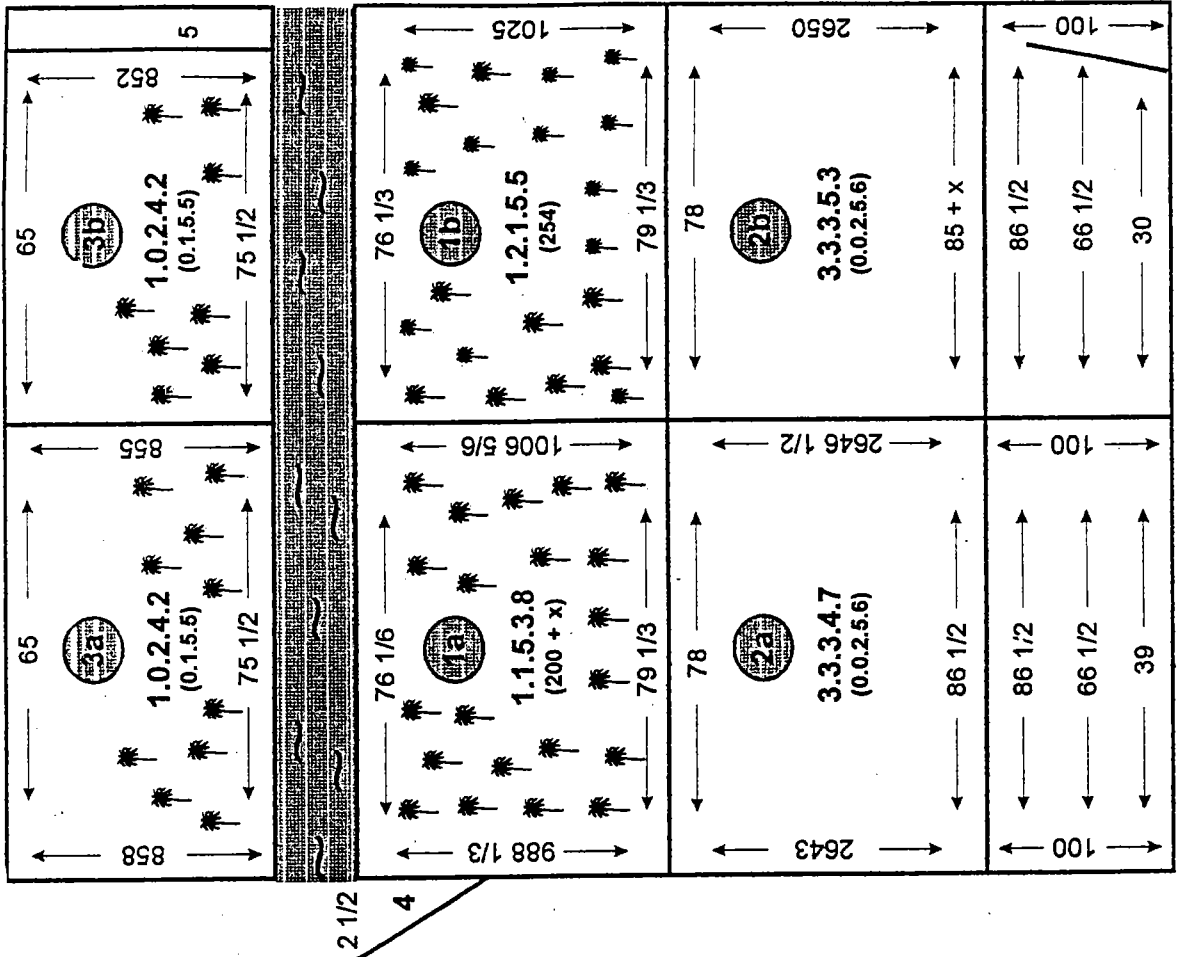
Fig. 4. Babylon in the 6th century B.C.



- 1 E-sagil of Marduk
- 2 E-temen-anki (ziqqurrat)
- 3 E-lasurra of Išhara
- 4 E-ḫursag-tilla of Ninurta
- 5 E-niggidar-kalamma-summa of Nabū ša ḫarē
- 6 E-ḫili-kalamma of Ašratum
- 7 E-mašdari of Bēlet-Akkade (Ištar of Agade)
- 8 E-maḫ of Bēlet-ilī (Ninmah)
- 9 E-kituš-girzal of Bēlet-Eanna
- 10 E-gišnu-gal of Sin
- 11 Dais "The Gods Pay Heed to Marduk"
- 12 E-gišhur-ankia of Bēlet-Ninua

- 13 E-namtila of Bēl-mātūti (Enlil)
- 14 E-namḫe of Adad
- 15 E-kituš-garza of Bēlet-Eanna
- 16 E-sīmaḫ of Ea
- 17 Ka-sikilla, the Pure Gate

TINTIR = BABYLON AND THE TOPOGRAPHY OF BABYLON (A. R. George)



THE DEPTHING OF GEORGE

By John Young

Henry George had hoped economists would structure his remedy into the whole system of political economy. When this didn't happen, he set about the task himself in *The Science of Political Economy*, but died leaving it incomplete.

The book I have written, *The Natural Economy*, outlines a sane system of economics, building on George's achievement and deepening many elements. It is, from one point of view, a depthing of George. I'll give a few examples.

The economics of George was not centred on some abstract "economic man", but on humanity as it really is. I have given close attention, in my book, to man as a being with intelligence and will power, a being who is at once a person and a part of society. From this perspective, a balance can be reached, in our social thinking, between individualism and collectivism.

George saw economics as integrated into the whole of social life: he did not view it in isolation. I have examined this, and in particular I've looked at the relation of economics to ethics. I argue that economics in the sense in which George understood it is an intrinsic part of ethics - that is, of moral philosophy. It is not just something closely related to ethics, but forms a part of social ethics.

This has consequences for the participation the moral philosopher or the theologian should have in promoting a sane economic order. These people are not outsiders so far as their speciality is concerned. Fundamental economics is right in their province. Moral philosophy is their subject. But fundamental economics is part of moral philosophy.

I've also looked at the place of the politician. What are his legitimate functions? By what criteria do we judge whether he is doing his job or whether, on the contrary, he is interfering with our rights? Should the government run schools, whether at primary, secondary or tertiary level? What is its right place in regard to medical care? Or in the provision of social services? Our view of the legitimate functions of the government will depend greatly on our view of what the economic order should be.

George insisted on the operation of competition. My book analyses competition, and distinguishes it from a spurious or counterfeit "competition" with which it is too often confused. Genuine competition has got a bad name through this confusion. I maintain that we can't have too much of true competition, while we must try to destroy its spurious imitator.

Free prices are the very soul of a healthy economic order, as George knew. Since his time much valuable work has been done by libertarian economists in clarifying the notion of free prices, and in showing how they operate to produce a balanced economy. I've made use of this material to demonstrate the central place that price holds in a true economy, and the way that deviations from free prices work towards the destruction of the economy.

A book on fundamental economics could be given the title *Price and Privilege*, which would sum up the whole subject. It is when prices are distorted by privilege, in its numerous manifestations, that the economy produces injustice and misery. An important theme of my book is the identification of privilege in the workings of current economies. I have defined it as *A power accorded by the state to some, with undue discrimination against others*. It relates to what George called value from obligation, and is found in its most radical and dangerous form in the appropriation of site revenue by land owners.

In *The Science of Political Economy* George left the treatment of money unfinished. I have extended that treatment, dealing with the essential nature of money, with its properties,

with its relation to credit, with a spurious money which leads to inflation. I have argued that international money markets - as when Japanese yen are exchanged for British pounds - do not deal in money in the strict sense; and I have drawn implications from this.

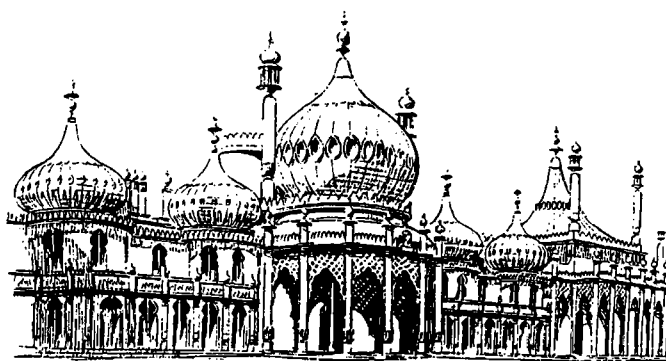
Urging the exact definition of terms, George says: "...we cannot think with precision unless in our own minds we use words with precision. Failure to do this is a great cause of the generation and persistence of economic fallacies" (*The Science of Political Economy*, General Introduction). The glossary in my book has definitions of about thirty terms, and I use them consistently in the same sense throughout the work.

Who is *The Natural Economy* for? I hope it will be of value to Georgists, largely for reasons I've just indicated. It is meant also for all who have an interest in economics and in solving our economic and social problems. It should be understandable to the average person, even without a knowledge of economics, who is willing to read it carefully.

I hope the book succeeds in conveying a vision of the true economic order: that order which has never yet existed in its purity, but only as mixed with, and fighting against, an anti-economy. That true economy is not a mechanism, but an organism: it operates from within; it is not manipulated from without. My book studies that beautiful social organism which is the natural economy.

SHORT PAPERS

**INTERNATIONAL UNION FOR LAND-VALUE TAXATION
AND FREE TRADE**



BRIGHTON 1997

A SHORT PAPER

Stephen Cantor

In your circular letter advising of the 22nd International Conference you ask for short stories to be submitted. For me, as member of the IU, it becomes difficult to write about our future when what I am going to talk about is my presence. Our future has been illustrated by many writings by Fred Harrison and others, as well as by a exhaustive report by President Nicolaus Tideman of the Schalkenbach Foundation. All these writings are fascinating in their own right, scholarly and surely well informed, but depressingly negatively challenging. The challenge, of course, is change. The challenge to me is to submit new ideas in a convincing manner.

Over the years I have attended a variety of international conferences presented by various organisations as well as by Georgists. Both have had always similar effect on me. Henry George conferences were always attended by at least 95% Georgists, were always an exercise in intelligent expositions, at times expanding into personal differences, always ending with satisfying backslapping, and announcing the next similar event. Follow up action locally or internationally was never visible to me, for that I accept as my own fault. For too long I have been disappointed to watch the internal power game to take any interest in the whats, whys and hows of any Henry George meeting.

Differently so with non-Georgist meetings of either small or international dimensions leaving many of those local events aside, where it would always have been helpful for the audience to get some unexpected information on LVT. International conferences provide a stimulating environment. Although I can cast back my memory over decades of attending international conferences I keep to my fresh impressions of the "medical marriage" conference in 1994, the "Eco-village Sustainable Communities conference" the following year," observing the rise of Civil society for the 21st Century in 1996" the uniform lesson from all these conferences was

- a) I was always the only person present with Henry George affiliations,
- b) there was always a great mix of people by gender, age, and interests
- c) regardless of subject matter of the conference there was always great interest in social economic affairs.

Consequently, if we want to spread our own message beyond the limits of Georgist conferences, there, in the big open world is a keen audience waiting. Communications is the key word. Those people have no blocks, they are not antagonistic, they don't want to be right. They are there to listen, to learn, to help. There is good will. Georgists and for that matter any person with concern for the well being of earth who has not heard the speech by Robert Muller (30 years UN) delivered at the eco village conference has no concept of the opportunities there are to improve the lot of humanity. Likewise but on a much smaller scale, nobody who has not seen the extent of the privation and poverty which I have seen lately in Cairo and Nairobi, has no concept of human suffering. Together with these impressions go the spectacular manifestations of super wealth. There your have the conflict which motivated Henry George. Nothing has changed. Yes, the quantity has changed, but not the suffering.

To give all this a bit more practical form, my suggestion is *inter alia* we must have multi-disciplinary conferences. People attending a conference on say cancer will be very keen to hear about changes in taxation to designed to reduce the gap between super rich and super poor. Simply because they have learned already that stress - financial stress - does

contribute to developing cancer. It becomes essential that today where all matters are interrelated, none stands alone, people from any major discipline hear of the value of another theory, philosophy or concept. Anyone working on self help for a depressed community will be only too keen to hear of the possibility of reducing or abolishing taxation as we have it today.

The all essential in creating interest in a new idea (even if it may be thousands of years old) is to make it appealing to the people living today in a particular locality. To promote LVT one has first and foremost to concentrate on the vision of Henry George, the benefits of reducing the contrast between rich and poor. The technicalities are so well known today that they do not have to be discussed here. Essential is to make people aware that their options for them if they are dissatisfied with their present conditions. That they and nobody else have the power to bring about changes if they want to do so. The only thing which does not work is apathy.

The other most important thing for Georgists to realise is to leave the name of George in whatever combination out of the game to achieve the desired results. One can introduce a new idea with a new name even though based on old principles. It was the vision, the spirituality which led Henry George in the first place not the technicalities. Its is the same today. You have to be aware of the trinity within the human being - mind-body-spirit. Neglect one component and your endeavour either will not work or will only progress with difficulties. Here again a short reference to Robert Muller who quotes the new order of world values as 1) spirituality, 2) public service (government), 3) business, which is very much the opposite order of what it used to be.

The programme of the second conference indicates that for the first time in modern history of Georgism you have become aware that a change in the tax paradigm involves a multiplicity of interests. All is equally important to achieve the goal of betterment for humankind and the wellbeing of the earth, *Gantzheitweltanschauung*, that our mindless exploitation of the riches of the earth for corporate profit has to be halted, and that we the Henry George movement cannot and should not go it alone. For that we have to start with a new name, unattacked and possibly unattackable by academia and their sponsors. Translating Geonomics from its Greek origin to the language of any country and with that creating its global function, "EarthLaw", what ever other words any other country wants to use as a title is their choice.

These are of course big changes which I suggest, the biggest is for the Georgist movement to let go of their ego complex, and to accept a more humble outlook in line with Henry George and with Christ.

You like everybody else have choices: you can continue for another hundred years that you are right and engage the opposition in battle. But you can also understand the fruitlessness of this attitude, and use this knowledge for the salvation of life on earth and mother earth itself. In your literature you have both options well documented. All I do is to suggest change of course. Use EarthLaw in any variety or forms to capture the imagination of geocitizens in any country and any language. You will carry on with Georgism. To suggest otherwise would not be reasonable. But for publicity, for public support, for enthusiasm, for something new, start a politically oriented new movement, EarthLaw. Have a simple short outline of aims and actions of EarthLaw - preserving the earth, saving resources, improving human wellbeing, changing the taxation system. Short statistics of the value of taxing land the only non-producible commodity by humans highlight the disadvantages of all other man made commodities or services as taxed under our present system. A popular non-scientific approach v the present scientific expositions. Which does not mean that I do not support scientific inquiries into the many aspects of LVT. Have scientific answers available when

questions are being asked but do not bother the public with them.

I believe smaller countries, Estonia, Scotland, require less work to accept LVT as an economic alternative, than large countries, although the work which has been done and what has been accomplished in Russia is outstanding. With limited capital the percentage influence on a smaller population with an open mind must be better than with a large population. As said earlier, it is only the people who can effect an influence on politicians. Greens, students, ecologists, feminists, economists, bank managers, land speculators, all realize the seriousness of what we have produced with progress. It is no longer "Progress and Poverty", but "Progress creates Poverty". All this must be include today in the message of LVT and "LandLaw" which did not exist in Henry George's day. That is the change, the new idea based on the old principle. Good luck. There is hope.

*Das Alte stuerzt, es aendern sich die Zeiten,
und neues Leben blueht aus den Ruinen.*

The old crumbles, time change
and new life flourishes from the ruins.

THE KEY TO THE ATTAINMENT OF OUR AIMS

George Curtis

When Henry George made his proposition that land rent be taken as public revenues with a corresponding repeal of taxation on the processes and products of labour, his theory was condemned by Pope Leo XIII in his May 1891 Encyclical Letter *Rerum Navarum*. As we know, Henry George replied with his open letter "The Condition of Labour" of September 1891.

At the start of the second part of that letter Henry George makes comment which, I think we would do well to once again most carefully consider if we would succeed in making popular, as he did in his day, the Henry George philosophy. In that part of this reply Henry George explains that, like all true reforms, the reform he proposed, has both an ethical and an economic side. The ethical side can be ignored. The proposal can be pushed forward merely as a reform of taxation. This avoids the objections that arises from confounding ownership with possession and attributing to private property in land that security of use and improvement that can be had even better without it.

It avoids asking such questions as "What constitutes the rightful basis of property"? as Henry George asks in *Progress and Poverty* in the chapter "The Injustice of Private Property in Land"

It avoids making the claim that if chattel slavery be unjust, then is private property in land unjust, as are the opening words of the following chapter headed "The enslavement of labourers the ultimate result of private property in land". The third chapter of this book VII of *Progress and Poverty* headed "Justice of the Remedy" begins "The truth is and from this truth there can be no escape, that there is and can be no just title to an exclusive possession of the soil and that private property in land is a bold, bare, enormous wrong, like that of chattel slavery".

To ignore the ethical side means the reform proposed can be pushed without making what certainly for many is doubtless a most uncompromising unpalatable and controversial statement of this kind. After all, all we seek in the practical sense is the legal abolition, as far as possible, of taxes on the products and processes of labour and the consequent concentration of taxation on land values irrespective of improvements. To put Henry George proposition in this way would be to urge them merely as a matter of wise public expediency.

When Henry George made that reply to Pope Leo XIII he explains that indeed many single-tax advocates do put the proposal for taking land rent as public revenues in this way.

The beauty of the plan from a fiscal standpoint is clearly perceived and such advocates concern themselves no further. There can be no doubt whatsoever of the strength of the economic case for such reform. To press for this purely in economic terms is enlightened economics.

Indeed, the first approx. 300 pages of the approx. 600 pages of the unabridged Robert Schalkenbach Foundation 1987 publication of *Progress and Poverty* can be seen, the case put forward for such reform in terms of economic reasoning. Take second chapter of book 1. This sets out the meaning of terms such as "wealth", "capital", "rent", "wages" and the like in terms of economic reasoning. There is a whole book headed "The effect of material progress upon the distribution of wealth" and another "The Laws of Distribution" which is comprised solely of economic reasoning. We have a chapter on Rent and the law of rent.

Interest and the cause of interest. Wages and the law of wages. In this part of the book in clear economic analysis is set showing the primary cause of recurring economic recessions.

The economic case over the century since the death of Henry George has been put again and again. It is still being put forward. Yet the seed fails to take root and bring forward the reform which needs increasingly to be understood and implemented.

While Henry George himself recognised the unassailable strength of the economic side of his reform in the reply to Pope Leo XIII he adds that for those who thought as he did himself, the ethical is the more important side. Not only did such advocates as himself not wish to evade the question of private property in land, it seemed to them that the beneficent and far-reaching revolution aimed at was too great a thing to be accomplished by 'intelligent self-interest' and can be carried forward by nothing less than the religious conscience, "Hence," he adds 'we earnestly seek the judgement of religion. This is the tribunal of which your Holiness as the head of the largest body of Christians is the most August head'.

So it followed that the reasons Pope Leo XIII urged support of private property in land should be examined. If these reasons be sound they should be accepted. If not sound then respectfully the error of this reasoning should be pointed out. We see here Henry George meets head on objections to his proposals on ground of Christian ethics. In the opening paragraphs of that chapter "The Injustice of Private Property in Land" in *Progress and Poverty* Henry George points to why the translation of his theory from terms of political economy into terms of ethics is for him the most important side. Though often warped by habit, superstition and selfishness into the most distorted forms, the sentiment of justice is yet fundamental to the human mind. When passions are aroused whatever the dispute, the question that arises not so much as to "Is it wise?" as to the question "Is it right?".

Today hundreds of millions of people donate to international charities, hoping to make a difference on poverty. Yet in spite of such aims-giving as wealth increases with labour productivity advance, poverty deepens. When Henry George translates his theory from economic intelligence into terms of ethics whereby he seeks the judgement of religion then he is able to powerfully assert with a confidence grounded in religion that in charity there is nothing practical as a cure for poverty unless Charity is built on justice. Noble and beautiful a virtue as charity is, it cannot supersede justice. What is wrong with the condition of labour is that labour is robbed. While the continuance of that robbery is justified it is idle to urge charity. To commend charity as a substitute for justice is something akin to the Pope's predecessors that taught that the gospel had superseded that law and that the love of God exempted men from moral obligations. All charity can do where injustice exists in here and there to mollify the effects injustice . It cannot cure them.

It is when Henry George brings his proposals before the judgement of religion that these start to register on the human mind and spirit with the most telling effect, compared with when to put this forward on the basis of economic intelligence alone. He writes "Had the English Clergy not subordinated the teaching of justice to the teaching of charity, the Tudor Tyranny would never have arisen, and the separation of the church been averted; had the clergy of France never substituted charity for justice, the monstrous iniquities of the ancient regime would never have brought the horrors of the Great Revolution; and in my country had those who should have preached justice not satisfied themselves with preaching kindness, chattel slavery could never have demanded the holocaust of our civil war."

It is when Henry George says it is clear that the increasing need for public revenues with social advance, being a natural God-ordained need, means there must be a right way of raising them - some way we can truly say is the way intended by God and to take land values for the state, abolishing all taxes on the products of labour is that right way, he brings his proposals before the judgement of religion. His proposals stand or fall on the rock of the

ethical and fundamental teachings of the Christians faith. Indeed he knew they are solidly based upon natural rights and natural law and the deep philosophy of him who bad men love their neighbours as themselves. He saw in that spirit, and in other, is the power to solve human problems and carry civilisation forward. "He that abideth in me, and I in him" said Christ, "the same bringeth forth much fruit; for without me ye can do nothing".

As our movement faces the 21st century, seeking to popularise a reform with both an ethical and an economic side, we see that the guiding hand of Henry George points to the ethical which earnestly seeks the judgement of religion as the key factor to the attainment of our aims.

WHITHER GEORGISM TODAY?

Julien Gross

Observing the progress or rather the regression of the Georgist Movement after Henry George's death, it appears to me doubtful whether you can call it a movement at all.

While Henry George was leading a political movement with gatherings and demonstrations involving several thousand people with popular literature and local presses bringing his message to grass-roots thousands - his inheritors withdrew into academic coteries whether in the USA or in a few other places mostly in the Anglo Saxon world.

While reiterating the "Single Tax" concept they never realised nor promoted its political implications of a revolutionary change in property relations in present capitalist society.

The Single Tax euphemism does not alter the fact that *mutatis mutandis* it constitutes the expropriation of land monopolises who now account for 52% of the richest people in the world not to mention the banks and financial institutions investments in land on behalf of insurance and pension funds.

Never in history has a privileged dominant class given away its privileges and power without a fight. We know from the "Corruption of Economics" by Mason Gaffney and Fred Harrison to what length the American academic establishment financed by landed interest went to dismiss the Single Tax as a viable equitable, economic reform for a better and just society. Simultaneously a more outspoken call came from the ranks of the congress that the Single Tax is a greater danger to the existing order than the Russian Communism, being nearer at home and in the present.

Faced with such a realistic assessment of what the Georgist message implies today - never so far presented in such terms what do the Georgists of today propose? Structural rearrangement of the existing groups however united and centralised will not alter their present policy of aiming at individual politicians gained for the cause of Land Value Taxation.

Even Lloyd George and Churchill could not overcome the resistance of the Lords in their famous People Budget of 1910. And yet they were not isolated and people at large knew a lot of what was at stake. And things have changed since. They have gone worse. Ask an average literate person whether in the street or in the train, or in a lecture hall what he thinks of Land Value Taxation - the answer is: "Never heard of it".

If the Georgists are serious at all - the first thing is to bring the message to the people through leaflets, local papers, be present at political debating meetings, always whenever there is a chance have Georgist literature available. Organise themselves public meetings on topical issues, challenge other parties to debates. Be relentlessly in the public eye, and the public as well as the media to be welcomed, nay invited whether to local, national or international conferences.

We have got to make up for a century lost.

No politician in parliament will promote a great reform without the clamour of the street! and the street has got to be educated and informed.

In this year of the 100th anniversary of Henry George's death regretfully, if not shamefully, this memorable event was allowed so far by the Georgists to slide away from the world scene where it was its rightful place to be and shine. Except, and here I am compelled to brake my modesty and introduce my personal contribution to the project of reissue George's Progress and poverty on the French scene, single handedly without any support, if not manifest indifference of the Georgist London coterie." I hope that just as Tom Paine brought the Human Rights message from the newly borne U.S. Republic to France

where it was greeted and adopted with enthusiasm and with the customary French genius integrated in the French Constitution, and subsequently spread all over Europe, so I hope that the Henry George's message will be picked up by the same French genius which in the past gave birth to the Physiocrats' concept which so much inspired Henry George, and similarly spread further on the globe.

Notwithstanding these critical remarks, let's dedicate our hearts and minds to the great task that Henry George had so wisely through his own example traced for us, and have the courage, both intellectually and physically to confront the obstacles and the consequences of our challenge on the way.

P.S. The remarks concerning the inviting of the media to Georgist gatherings and the reprehensible omission of the event of the 100th Anniversary of Henry George's death were impressed on 'me by an assiduous reader of Land and Liberty - Robert Ilson.

THE GEO-FABIANS

Harry Pollard

Winning

In Copenhagen, two years ago, I reported on the Inter-Student High School Program of the Los Angeles Henry George School, or as I quaintly put it - the Henry George Schools of California.

At the end of this recently ended school year, some 1,155 high school seniors completed the full semester, 80-90 hour, Economics Course produced by the Los Angeles School and taught in public schools in California. To compare this with the Henry George School's Basic and Advanced adult courses of 20 hours, this is the equivalent of 4,620 graduates.

So, do it in Britain.

Oh, of course, it can't be done in Britain, or Australia, or South Africa. The school systems won't allow it. Well, that's what they said in the United States before we began our first basic course that has now been completed by kids into the hundreds of thousands.

You have to think about how to do it. You must look for a weakness that may be exploited. You'll find one if you look for it. It may have no apparent connection with economics, or Henry George, but it will be there for you to open up. It took us 23 years to move from our first adjunct 8 week Basic Course to a full-blooded senior high school economic program for credit.

Changing the Way We Teach

We made a number of revisions to our teaching style and content. Not to make them more palatable to this new audience, but to improve the presentation - to make our ideas easier to grasp. During this reappraisal, as I've said before, we found ourselves in conflict with some of the arguments of Henry George.

In most instances, the differences were minor. Some other disagreements were less minor yet they in no way rebutted, or changed, Henry George's thesis that our advance must always be toward his twin goals of liberty and justice for all.

A typical change concerned 'values from production' and 'values from obligation'. We added 'values from privilege'. The goodies became 'production' and 'obligation', the baddy was 'privilege'.

Our major concern was to make our science understandable by 17-18 year old kids and along our way we ran into some problems that were interesting and needed to be solved. (The activists' concern is the same.)

Nic's Conundrum

However, I'll start with a real knotty new one. Nic Tideman brought it up recently on the Internet. It didn't produce a single reply on our Georgist list. It was simply too tough and too dangerous to our beliefs.

Two 40 story skyscrapers stand on two neighbouring lots in a city street. One lot is owned by Smith, the other by Jones.

As Rent is a value that is created by the surrounding community - the 'community created value' we talk about so much - Smith's skyscraper increases the value of Jones lot, Jones' skyscraper increases the value of Smith's lot.

Then Smith buys Jones' lot. Now we have one big lot with two skyscrapers.

However, something has been lost - the increase in value that Smith's skyscraper

gave to Jones' site is no longer there. Jones' skyscraper is now part of Smith's lot. If you say that Smith's skyscraper is still increasing the value of the site under the former Jones' skyscraper, you say that an improvement is increasing the value of its own lot. You will be admitting that Rent isn't just produced by the outside community - but by an individual on his own site.

If you were now to collect this value, you would be taxing Smith's improvement value - even though we assure everyone that we are interested only in collecting community created Rent.

Nic doesn't take that view. He suggests that as the Jones and Smith skyscrapers are no longer causing a higher Rent on the other skyscraper site next door - but together on the same lot - their Rents will drop. Their combined Rents will be less than their separate Rents.

But, if this were true, the Rent cost could be lowered still further by combining still more lots. Others would also merge to cut their Rent payments. We might get the whole city with one owner paying pretty low Rent.

Help! Where's our revenue? Better bring back the income tax.

A theoretical point? - Better check out those favourite examples of the libertarians - Disneyland or Disneyworld. How much of their Rent is the result of their own improvements?

Activism and Education

Is such a conundrum important to us as we plunge headlong toward the single tax - or at least a land-value tax - or at the very least a 'Two-Rate Tax'.

Well, a friendly battle wages in the Georgist ranks. Sometimes it may not be so friendly. It's between the 'educators' who are teaching people and the 'activists' who are organizing them for political action.

Much of the criticism understandably comes from the activists. The educators tend to keep quiet, because they want to do better - but are not sure how. And they hear that if only the money now wasted on education were to be spent rescuing Russia from a fate worse than death, or turning the United Nations, or keeping Pittsburgh straight, things be so rosy.

Well, in emphasizing their differences, the two factions may not have thought about their complementary nature.

Like love and marriage, they go together.

To move toward a Georgist society, all we need do is to get enough people to support land-value taxation.

That's all.

However, once we've got it, to hold what we have needs popular and general understanding of why we do things. Otherwise, all our gains will be lost. The history of the Georgist movement is replete with instances of political gains disappearing because most people don't understand the significance of what we are doing.

We've just had an election in Allentown, PA. It was intended to throw out the new Graded Land Tax. Josh Vincent and his cohorts did a magnificent job of education and the enemy lost. Well done!

But, if they don't continue and expand the education of the electorate - next time they may lose. Education is a continuing nuisance that simply must be done.

Perhaps, the reason we did so well at the end of the last century in Britain was because we had an electorate educated in the basics of Henry George. They weren't land-value taxers - they were Georgists. Although the policy was 'tax land values' - many had read Progress and Poverty and more. Indeed, when the Liberal Party passed land tax legislation

that was a bit icky - young Liberals put up Georgist Liberal candidates against the official candidates. I think that this understanding of George led to the excellent 1913 legislation.

I am obviously speaking for education. After all, I'm President, Director, and janitor of the Henry George School in Los Angeles.

So, what do we teach as Georgists? We must certainly teach things that are connected to the needs of the activists. We must teach our political economy so, without swerving from the course, we make contact with the reality of the political process.

Political Economy

We've got to get our act together. We should know what we are teaching. Political economy has been called the 'science of the natural social order' and has been described very specifically as the 'art and science which deals with the nature, production and distribution of wealth'. This last is how we probably think of it.

Political economy is a science of production. It's subject is how humans produce. It is not a science of consumption. This science stops when production reaches the consumer - where, in fact, production is finished. So, once we've taken note that he exists, we can forget about the consumer.

I would suggest there would be no production without a consumer. Production takes exertion. We don't like to exert - in fact we won't exert unless we get a return. So, without a consumer, we'll be standing among the widget pins we've produced wondering why we wasted our effort.

Consumers - either ourselves or some others - are a given. Without them, there will be no production. So, let's not forget them, but simply put them on one side where they won't bother us.

Once the consumer is gone we can dismiss services to the consumer. The hairdressers and barbers, the mechanics who maintain our cars, the actors at the theatre, all of them are not subject to our study.

The lady serving us in the department store is Labour. As she hands us the shoes we bought, she is the last link in the production process. She is one of the 80% of producers who produce the widget after it has left the factory.

One of the problems of the study of people is that it can get so complicated. It behooves us to simplify. So, we begin the simplification by removing consumers and the entire service economy from our study.

In our Adult Basic Courses, we are often a little uncomfortable about the role of the service giver. We generally point out his Wages will be the same as the actual producer - assuming the same skill and conditions. But, we haven't been at ease.

Take comfort! Removing him altogether is a lot more sensible.

Some other simplifications can be made. Anything not part of the exchange process can be chucked. The apple you pick and eat yourself isn't part of the study. We should note in passing that, if we remove the consumer, the product in Political Economy is never Wealth. Products in the course of exchange are Capital, as said George - and we only consider exchange products in the study.

We aren't much interested in exertion that produces nothing, so any production that doesn't increase value can be discarded, along with the exertion that is wasted. This means that only Labour that produces something of value is included.

When we've finished excluding, we are left with a pretty easy science.

We have a science that can be understood in the political arena.

We begin Classical Analysis with the two Basic Assumptions of Classical Political Economy. George separated them in Progress and Poverty.

We put them right at the beginning, because that's where Basic Assumptions should be. We shouldn't cop out on these Assumptions.

They are not assumptions that apply to some people at some times. Every person on the planet acts as these Assumptions declare.

Natural scientists have a lot of trouble with their electrons. If they know where they are, they don't know where they are going. If they know where they're going, they don't know where they are.

We deal with much more predictable people. We have an easy science.

The first axiomatic statement about people is that:

"People's desires are unlimited"

You see how politically correct I am. It used to be "Man's desires . . ."

Now, something we must stress in politics is that if this Assumption is true - there can be no such thing as unemployment.

If all of us work 24 hours a day we will not be able to satisfy desires that by their nature are unsatisfiable.

Which leads directly to the next question, "Why is there unemployment?" As Henry George said, 'Why are people looking for jobs instead of jobs looking for people?'

This is the way to persuade people that unemployment isn't a natural consequence that must be addressed, but something ridiculous that shouldn't happen at all. There's a good political tack.

The second Assumption "that People seek to satisfy their desires with the least exertion" is usually accepted without argument. The second Assumption describes our path to all progress.

So, our 101 policies to "create jobs" are pretty silly. They try to create jobs for people who don't want them. That's why these policies mostly fail. I had an unemployed welder in a Toronto class. He got a government job teaching the unemployed how to weld. Had a good class with 23 students. I asked him what was the result.

He said "Twenty-four unemployed welders".

That second Assumption's also why welfare schemes don't work very well. Why a national health service has trouble, and why many other services that try to work outside the market go wrong.

Incidentally, for almost 50 years I've been asking students to come up with two exceptions to the Assumptions. No-one ever has. I'm now asking on the Internet - still not getting any valid exceptions.

Justice

Henry George said 'Justice the Object - Taxation the Means'. Both educators and activists ought to know what justice is.

We want justice. But, it has at least a couple of dozen meanings. "Justice means everyone gets a living wage" "Justice means eating 3 squares a day". So, our best political path is to attack the opposite. As justice implies equal treatment under the law, we simply attack unequal treatment under the law.

We call that 'Privilege'.

Privilege has two parts - 'privi' which is private, and 'lege' which is law. So a privilege is a private law - a law that benefits one at the expense of another. Bob Tideman, bless him, first set me thinking in this direction.

Who gets a privilege? We've thought a lot about this. It must describe the fortunate recipient of privilege - without being nasty, which could turn people off. It must be eminently acceptable.

We've settled on 'fat cats', the suggestion of Lou Scott of Indianapolis - one of our excellent American Georgist philosophers.

From now on, those who get a privilege are fatcats, further described as those who get a free ride.

So, let's attack privilege

And right away we run into a problem. In our modern corrupted societies - pretty nearly everyone gets privileges. In the high school course, we call many of them 'countervailing privileges' - designed to keep quiet those who otherwise would protest the major privileges.

Of course, the most important privilege is the right to take community created Rent, but here again we have to be careful.

Nowadays, most people have some ownership of a piece of land - even if it's just the piece under the cottage. And, those who don't have some, want some.

So, if you say, or imply, or suggest, indicate, or even allude to your desire to 'share' land equally, or distribute land to the landless, you'll be political dead meat. It's a lot easier to press our equal right to Rent.

That's what we do in the public schools and we get no trouble.

One Hundred Percent

I want a 100% collection of Rent. Now, we all know that the higher the Rent collection the lower the sales price of land - that when the collection is 100% - the sales-price of land drops to nothing.

Now, I don't think we should hide that fact - the opposition won't let you, if they have any sense. What we have to do is defuse it. So, we say simply that changing taxes from building to land reduces the sales value of land - but increases the sales-price of the house.

So, they balance out, except for the fatcats who will suffer a loss - and so they should. You let the opposition disprove this statement, which is both correct and incorrect - as you know, don't you?

Rent and Land-Value

We all talk about Rent, but what is it? Georgists try to measure it, but that isn't possible. George did not make clear that the present day return to a location is not Rent, though it might have been more so in his time. Wages, Interest and Rent are market determined returns. But, the present return to land is not Rent, but (Rent + a speculative premium). It is outside the market process.

The process that controls the market is called the price mechanism. The price-mechanism controls the supply of Labour and Capital. It fails to control the supply of Land.

To emphasize the difference, we give the two concepts different names. The price mechanism controlled market value of a location is called Rent. The present speculative value of land we call land-value. So, when we capitalize a land return we are capitalizing land-value.

Assessors, whose appraisals form the basis for a total count simply don't measure Rent, because they can't - and neither can we.

Money - Chalk and Cheese

During my British Liberal Party days, our Free Traders always linked "Free Trade" with "Sound Money". Georgists should have a Money policy - certainly, it should be part of the general discussion.

In Classical Analysis we take a particular position. We point out that "measure of value" and "medium of exchange" are not just functions of something - but two opposite characteristics.

The difficulty is that the present term 'Money' tries to stuff within its meaning two different (and conflicting) concepts. One concept is 'measure of value' - a standard against which other things are measured; the other is 'medium of exchange' - something used as a convenient buying agent.

The 'measure' should be something of relatively stable value in the market place, which means it should not be something easy to reproduce. It should be found exchanging in the market place also - so we can continually observe its market value.

The 'medium' is something that should be very flexible to meet the changing needs of everyday commerce. Unlike the stable 'measure', the medium should go up and down in response to the market demand.

We choose gold as the best 'measure' - and call it Money. This merely follows the decisions of umpteen generations over many thousands of years. It's no big deal. If something better turns up, the market will simply move to it as its 'measure'. At present, the best measure of value is gold.

Meantime, all those types of exchange media - now mostly paper - used to make buying easier - we call Purchasing Media.

There's our money policy. Along the way, we can attack ideas like "Velocity of Circulation" - and support goodies like "Quantity Theory" (to which many economists warm, but seem scared to approach). Politicians needn't bother with these things.

Overpopulation

We should stamp on neo-Malthusianism. We have perhaps allowed to slip from our attention the 'overpopulation' alternative to Georgism. The answer to our submission that poverty, deprivation, and injustice, are problems of land tenure is that the real problem is overpopulation. They say our first objective is to reduce the births that are threatening to bury us in bodies.

It simply isn't true, but if we don't wallop it but good - less attention will be directed to our plea that land tenure must be handled first.

This is a important consideration for us, for many of the larger green and environmental organizations are redirecting their emphasis to overpopulation as the problem that must be solved first, if humanity is to survive. If we accept that, we can throw in our chips. We've lost. George didn't accept it. He fought - and so should we.

Voting

Australian Georgists have for a long time advocated Proportional Representation by the Single Transferable Vote. British Liberals include this as an important part of their policy - and still include Land Value Taxation as part of their economic statement.

We should do the same. The method makes sense, can be understood, and has acceptance around the world. San Francisco is experimenting with replacement of their majority voting system by a PR system.

The US advocates call it 'Preferential Voting'.

The Fabians

Why all these things - and perhaps others? We're Land-Value Taxers, aren't we? Well, this depends on where we want to go - and whether we are prepared to wait for success.

At the end of the last century, a battle was being fought among British intellectual reformers. For a while they were torn between the ideas of *Das Kapital*, and *Progress & Poverty*.

Das Kapital won - which set a pattern for politics in Britain which has lead over the last century right to the present New Labour government.

These thinkers, who rejected Marxist revolution in favour of a quieter approach to socialism, called themselves Fabians. Fabius was a consul of Rome, known as the 'delayer'. He would annoy, harass, pinprick, but avoid a full frontal battle.

The Fabians decided that 'permeation' of existing political institutions, rather than direct confrontation, would bring about socialism - and they were right. Anne Freemantle noted that in 1945, after the Labour Party victory, the House of Commons looked like a meeting of the Fabian Society.

It took them 50 years - but then they won.

The Georgists

I suggest that we halt our rush to change names and consider looking at the successful Fabians. We need perhaps to make haste slowly. To set ourselves on a course that will eventually win. We should 'permeate'. To some extent, this is already being done in the US and other areas.

However, this means that we do not compete with existing organizations. If we are "Progressives" or "Land-Value Taxers" - or even "Common Grounders", which I consider to be perhaps the best of our names, we are competing - and perhaps on too narrow a front.

I would suggest keeping ourselves as 'Georgists'. It's not a bad name - it isn't particularly threatening. We have a body of literature - from pre-George to post- Harrison. We have friends all over the world.

Our main jobs are to educate and permeate. To increase our number by involving others in our philosophy and happily to lose them to the frenetics of any political party.

Eventually everyone will be a Georgist.

Then, what will we do?

WHY THE FREE MARKET ALWAYS FAILS

Harry Pollard

A market is free when there is no restriction on production and no restriction on movement of products to market. The engine of the market is called the price mechanism. This increases, or decreases the supply to market impersonally and with accuracy. It is fair because it gives no-one an advantage over another.

The first star I met when I got to Los Angeles was Peter Falk. This was long before Columbo. He was better golfer than I (but then everyone is). He had just received an Emmy for "The Price of Tomatoes". In the teleplay, he was a truck driver who had to get to the San Diego market by 3 am or he would be too late for the market. All he would be left with would be a lot of rotten tomatoes. (Of course, everything conspired to slow him - a pregnant woman had to be taken to hospital, and so on.)

The show taught an important economic lesson with regard to the market. It can be pretty unyielding, and pretty precise. You have to be there quickly. You should get there first if you want to make the most money. The producer who arrives second may find the market supplied and the price low. The third to arrive may be stuck with a load of rotten tomatoes.

Everyone learns early how the market works. It's a demonstration of freedom. Indeed, in California the teaching of freedom is considered to be so important, it's been made compulsory in the schools.

The price mechanism is easy enough to understand. Southern California is booming. Lots of people come to the area - and of course they need widgets. (Widgets is a word that stands for anything else. So, here it might mean clothes, furniture, food, and so on.)

The consequent big demand for widgets raises their price. So, to satisfy the demand - and take advantage of the higher price - the widget factories put on two, then three shifts. The wimple factories change to making widgets. Widgets are imported from

Nevada and Arizona. If the demand still isn't satisfied, perhaps some cheap widgets are imported from Japan.

By now, you might get the impression that we are knee deep in widgets. In any event, as the demand is met by all this production, the price of widgets drops. As it drops, imports from Japan are turned off, as are those from the other states. The Southern California price is no longer high enough to make the sales worthwhile.

Well, the price mechanism takes a lot of description, but it happens effortlessly and quickly, which is why we like the free market so much. No command economy guru can match the speed and accuracy of a free market.

Everybody knows how the free market works, but to be sure, let's do it once more. Southern California is booming. Lots of people come to the area - and of course they need land, for a home, for a factory, for a store. They can't do much without land.

So, there is a big demand and the price of land rises. So, to satisfy the demand - and take advantage of the higher price - the land factories put on two, then three shifts. The wimple factories change to making land. Land is imported from Nevada and

Arizona. If the demand still isn't satisfied, perhaps some cheap land is imported from Japan - and eventually the price drops. That's the price mechanism.

But hold it, you say. There are no land factories. You can't import land from somewhere else. The price doesn't drop. And you would be right.

The difference is that unlike products that are effectively controlled by the price

mechanism, the "land market" is actually a collectible market. Collectibles are worth collecting, because they are difficult or impossible to reproduce. Impossible is better.

The price mechanism doesn't work with collectibles. The reason why a van Gogh is worth \$65 million - in open auction - then \$70 million, \$80 million, \$100 million (who knows?) a short time later when the Getty museum took it over, is because there will be no more van Gogh masterpieces.

The high price might be considered appropriate for a brilliant painting. Who else could lay on canvas the intense brightness of a summer in Provence? Well, a lot of painters can, which is why experts are called in to find somehow a tiny difference that cries out "forgery".

For the 99% of us who would see no difference, the forgery doesn't matter. For the person who has just laid out \$100 million for an original - it's vital. Vital, even if he puts the original in the deepest darkest vault - while a copy is hung in the living room.

So, a van Gogh gets its price, not for brilliance, but for uniqueness - confirmed by experts.

Who may not altogether be so expert. There are at least six authenticated original paintings of the "Mona Lisa".

On the other hand there can be a large body of work from an artist - some obviously considered a lot better than others - but all of which are likely to be very collectable.

Picasso, as his life was coming to an close, was well aware of this He began stroking the canvas like there was no tomorrow - because there wasn't. He churned them out faster than McDonalds spews out Big Macs. He knew that even though they weren't a bunch of "Guernicas", they would make great collectibles. So he produced plenty enough to keep his family well supplied for a decade or two with baguettes and fromage.

So, we get to the problem. Georgists are apt to say that Rent is the return to natural resources. They are wrong. Rent is not the return to natural resources. It is the return that attaches to a specific bit of natural resources. So, in the public schools of California, we've made a change to this traditional defined concept.

Land is now the name we give to a natural resource with an address. Land is - as we teach it - a location. And rent attaches itself to a location. I should make clear that an 'address' doesn't necessarily mean '25 Day Street, Tujunga'. It could be 2 miles east of latitude 154, longitude 118. It could be the North 40 - or California. As you can imagine, the more precise the address of the location, the more useful it is likely to be and the more Rent is likely to attach to it.

I can state without any fear of being contradicted - there is only one location at each location. And the better locations are not all that plentiful. When we want to use a location, we know why we want it, and often, it's the only one that will do. A profit might be made on a corner, whereas in the middle of the block, the same people and same capital may be unable to save the enterprise from bankruptcy.

Perhaps, in a colder city like Copenhagen, you might want to be on the side of the street that the sun mostly shines. In Phoenix, you would definitely prefer the shady side of the street. You might pay more for a home site near the elementary school. Or, you might pay more for a home site that is well away from the elementary school.

People know the value of a particular location. They might not immediately be able to put it in dollars, or pounds, or kroner - but they know the advantages and disadvantages that attach to a location. They know its Rent.

Which leads us to our redefinition of the concept of Rent. We don't relate Rent to the margin - which nowadays is a fiction. We say Rent is the sum of the advantages, less disadvantages, that attach to a location.

I defined a free market with two conditions. There must be no restriction on production,

and no restriction on supply. There is no free market in Picasso's paintings. Not only is there a complete restriction on production, for Picasso has gone, but there is a restriction on supply as the paintings are in the hands of people not entirely willing to sell.

Although they won't sell the demand continues and prices rise. But, there is little supply and as the demand for this limited supply heats up, the price of Picassos rises. But, here's the rub. People with Picassos, seeing the prices rising, don't sell. The price mechanism confronted with this weak response, raises prices still further, trying to draw supplies to market in order to bring prices back to the equilibrium known as 'market clearing'.

Well, this fails and prices continue to rise - the resolution of Picasso owners firms and they hold on for a yet higher price. I suppose the engineer would call this positive feedback.

In a free market, whether prices rise or fall, the supply of goods changes to bring the market back to 'market clearing'. This is negative feedback. With Picassos and other collectibles, the feedback is positive - increasing prices push prices still higher.

None of this matters to the economy, nor to our well-being. In fact, Churchill said - speaking to this very point - "Pictures don't get in anybody's way".

It does matter with land, which is vital to our well-being. Land is a collectible. When the price mechanism goes to work on land, it finds that there is both a restriction on production, and a restriction on supply. More locations cannot be produced. We can't meet a demand for central city land by bringing some in from the desert. Land is a true collectible - and of course it is collected.

There are plenty of 'natural resources'. But, as I said, we don't want them. We want and need a specific piece. And to get that specific piece we are prepared to pay. Just as we might be prepared to pay for a Picasso. If we have to pay a smidgen more to get the particular site we need - we will. Trouble is it is likely to become a pretty big smidgen. Soon, although you want it, although you need it, you have to think about it. While you are thinking, the price goes up further. So, you take it - but life is more difficult. You've had to pay \$5 for a location which returns you only \$4. You will have to take a smaller profit - which usually means you cut your Wages.

As I mentioned earlier, first producer to respond to rising prices in a free market gets the best price. Those who arrive late may be left with a load of rotten tomatoes. This rush to market to serve consumers is why the laboured endeavours of the central planner are so ineffective by comparison. The market has concluded its transactions while the bureaucrat is still collecting data.

When people laud the free market, they are praising the efficiency of the price control mechanism in bringing people quickly to market in response to rising prices.

There is no doubt that allowing the free market to allocate is the best choice for a free people. However, the free market doesn't work with collectibles. In fact, the collectible market works exactly opposite to the free market.

A free market's response to rising prices is to stimulate selling immediately to take advantage of higher prices before they drop - which they will as sellers satisfy the demand.

The first to arrive to a free market gets the best return. However, in the collectible market, the last to market gets the best return. The watchword for the collector is to be slow, to be reluctant to sell. Every collector has sold a piece, only to see its price go higher and higher.

"If only I had held on", is the plaintive cry.

So, when a collector sees a similar good to his own sold for a good price, his thought is not to sell his own - but to hold on for he is sure it will go higher. The collectors try to avoid selling because they are sure they will get more later.

A market that consists of a lot of traders all trying to be last to sell, is a market that

doesn't work. The Land market is a collectible market - with all the characteristics of the collectible market. The free market can't do a thing with it.

So, that's why the free market always fails. It fails because a major Factor in the economy, Land, is not controlled by the engine of the market - the price mechanism.

Now, Georgists know how to bring land in from the cold - to make it a fully fledged part of the market process - but that's another story.

A PERSONAL EXPERIMENT

Jan J. Pot

Every real estate agent can tell you approximately the price of your home (owned by you or rented by you).

He also can tell you approximately how much of this price you pay for the site, if your home happens to burn down and your site is empty. - Ask him what approximately the market rent will be if the empty site is leased to you.

Compare this annual rental value of your site with the sum total you have to pay on your tax bill. Which is lower?

Isn't this an experiment that everyone can do for his own site!

Moreover

The square metres of your site are there and will be there for ever. *Square metres have NO cost price!* (Fabrication price).

Nevertheless your square metres have VALUE - the market price *or* rent.

Who have MADE this VALUE ?

People in society make your location valuable. And the authority makes your site valuable, financed with their tax pennies. - So if you pay the rental value of your site to the purse of these people, who have made the value of your site - that is to the public treasury - then this is a commercial exchange.

Note: In western countries the rental value of the nation is about a third of the national income (see Ronald Banks: 'Costing the Earth, p.40). So if your country should be leased to the occupiers of the square metres, you need not pay taxes any longer.

Valuation?

In Denmark the price of every location can be calculated with the figures on the land value maps of the Foranstaltning af Statens Ligningsdirektorat. Mind! Instead they should mention the market *rental* value of every parcel. - Corrections are made every four years. This should be 'continually' kept up-to-date.

Alterations of rent due to all-over factors, such as devaluation, should *not* alter the rent figures on the rent map, but be applied as a multiplying factor, applied on all figures of the rent maps equally. I've compared the figures of the well-known section of the land value maps of Copenhagen of 1950 and 1975. The multiplying factor (or tariff as I call it) was 131. See also the isoval-map of Hendon Central in London, 1950 and 1964 compared (Peter Hall "Land Values", p.32 and p.36). There the tariff factor was 7½. (See Grondvest: "Van Erfpacht tot Grondrecht", part 1, p.16).

The rent figures on the rent map shall only be adjusted mutually with respect to one another. Only in this instance in the long run the public will get familiar with these figures and adjust these very sensitively. - No 'valuers' needed any more. Only judging and balancing of the amendments collected for correction is needed.

Proposal

If the majority of half-plus-one in your local board agrees, the municipality shall never sell land, but lease it by *continual* lease (well known from 'long lease').

There shall be no longer 'terms' (as for long-lease) other than up to now for land that's sold.

The canon shall be the figure on the land rent map, multiplied with the all-over tariff-factor.

(The municipality shall buy the land on mortgage, redeemed annually bit by bit by the overshoot of the annually increasing market rent received. This takes approximately some ten to twenty-five years (see Grondvest: "Van erfpacht tot Grondrecht", part 2). Thereafter the whole rental value of the community will be cashed by the community).

A CONJECTURE ON THE FUTURE OF GEORGISM

David Smiley

THE GEORGIIST PAST. During this century we have lost the battle with Marxism, turned our backs on the third world, and made little attempt to reconcile Georgism with neoclassical economics in our own Western world. And we have now allowed Georgism to sink into pedagogical confusion and introspective self-destruction (see Harrison, 1996).

WHERE ARE WE NOW? So, what has been happening, and what will happen, beyond our comfortable little world of agitation for site rating in a few OECD countries? The diagram shows what I suspect has happened, and may happen, to the rent of land and natural resources in different parts of the world.

1. In the **First World** (OECD) invention was, on balance, land-saving, and there is evidence that land's share of GDP fell during industrialisation (Samuelson, 1964: 728,730). But in the post-industrial era there are reasons to believe (Smiley, forthcoming) that invention may now be labour-saving on balance and that the share to rent should therefore rise. We need empirical tests, more extensive than those of Banks et al (1989).
2. In the **Second World** of the ex-socialist countries property rights and taxation systems are being redefined, and the open letter to Gorbachev (Land and Liberty, Jan/Feb 1991) and subsequent campaigns represented perhaps the most important Georgist initiative this century.
3. In the agrarian sectors of the **Third World**, 50% of product (representing enough taxable surplus to create an economic growth of 20% per annum) goes to idle land-owners. Since land here is inherited and seldom traded as a commodity there is no case, as there may be in the First World, for compensation in the event of LVT. Meanwhile, the Third World suffers a negative wages growth rate, corruption, genocide, environmental degradation, and unsustainable development, all linked to land.

WHERE DO WE GO NOW? Pedagogical dispute has, I believe, obscured these targets and possible methods of reaching them. If Georgism is about economics why do we spend so much time disputing definitions which have been already set down clearly in any textbook on microeconomics, instead of getting on with the following?

1. **First World.** We need longitudinal studies of land rent trends. We need policies on compensation. We need economic models of what happens to factor marginal prices when land rent taxation rises from zero or near zero and approaches 100%.
2. **Second World.** This was our big break. Was it/is it too big/too difficult? What next?
3. **Third World.** The World Bank and IMF, after 40 years of disastrous development loans, now make these loans conditional on reform. We need to demonstrate to them the superiority of LVT over any other reform, and the efficiency, equity and accountability outcomes from making loans conditional on the introduction of LVT programs.
4. **Environmental economics.** Environmentalists have begun to see the need for

taxing natural resources, which we regard as land. But taxing natural resources "in the ground" hastens their depletion. So, many "Green" taxes target the "point of extraction" or "point of use" of these resources. What are our policies here?

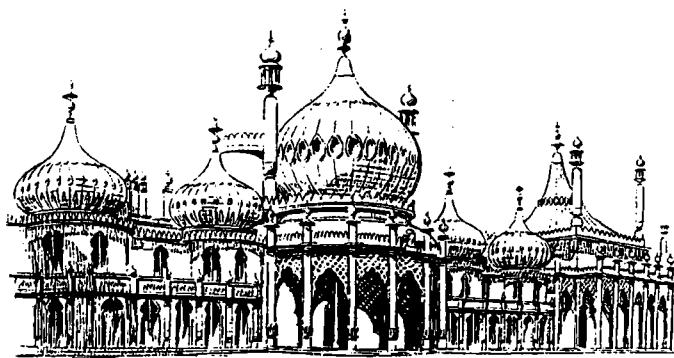
5. **Conflict resolution.** For the last 50 years most armed conflicts have occurred in the Third World and most of these have concerned the control of land and natural resources, for which ideology may be a surrogate (Red Cross, 1996:138). Defence costs 5% of world income and the costs of offence are incalculable. But Georgist solutions to conflict, as well as to environmental degradation and unsustainable development, imply a degree of collective responsibility for the surface and raw material of the globe which does not presently exist. This calls for imaginative Georgist thinking, as for example in Tideman (1991).

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ORGANISATIONAL REFORM

**INTERNATIONAL UNION FOR LAND-VALUE TAXATION
AND FREE TRADE**



BRIGHTON 1997

THE BRIGHTON ACTION PACT

F. Peddle, Ben Sevack, Mary Rawson, J. Fisher

Members and representatives of the Canadian Research Committee on Taxation and the Henry George Foundation of Canada endorse the following proposals with respect to the feasible programmes and action plans to be considered at the International Union Conference, Brighton, England, July 27-Aug. 3, 1997:

Organization

- (1) *that a formal international Secretariat be established to coordinate and direct, globally, the implementation of the eventually agreed upon Action Plan;*
- (2) *that the international Secretariat have a professional, full-time Executive Director and that sufficient administrative resources be allocated to operate the Secretariat on a full-time year round basis;*
- (3) *that the international Secretariat endeavour to convince Georgists worldwide to contribute financially to the Action Plan during its expected term of duration.*

Action Plans:

- (4) *that all action plans guided by the international Secretariat be clearly categorized into political/activist and research/academic programmes;*
- (5) *that political/activist programmes include, but not be limited to:*
 - (a) targeting political figures, parties and campaigns;
 - (b) strengthening influence on the United Nations through N.G.O.s, changing World Bank and IMF policies, etc.;
 - (c) exposing, publicly, anti-Georgist and anti-justice activities among governments, charities and other organizations;
 - (d) litigation, such as with regard to the Lincoln Foundation, but also with respect to property rights in general;
 - (e) building coalitions with other professionals and professional organizations;
 - (f) fund-raising and endorsement-building;
- (6) *that research/academic programmes included, but not be limited to:*
 - (a) collection and publication of land information statistics, e.g. land price barometer, and contextualization of that information within the total statistical constellation;
 - (b) publication of an internationally prestigious Georgist journal and monograph series utilizing the distributional infrastructure of a major publishing house;
 - (c) identifying areas of Georgist academic work not being adequately dealt with in the mainstream.

Feasible Programmes:

- (7) *that the international Secretariat be tasked with identifying and implementing feasible political/activist and research/academic programmes and be responsible for achieving a clearly defined end product. Reasons for failing to achieve goals must be articulated to the global Georgist movement;*
- (8) *that the international Secretariat appoint a sub-committee to deal specifically with Georgism and technological development. It is recognized that information distribution crosses both the political/activist and research/academic boundaries. The focus should be on the Internet as an innovative resource media for the*

widespread dissemination of Georgist ideas, and on land information systems, such as the integration of property assessment databases with geographical information systems (G.I.S.) technology.

Replies to the Canadian Endorsements

Compiled by Ole Lefmann

v = a tick for yes

x = no

R = has reservations

Members:

UK

Julia Bastian	v	
Richard Pealling	v	
Marian Ray	v	
Francis Smith	v	
M Kennedy	v	
N Dennys	v	
Beryl Harris	v	
E Miller	v	OBS: The Secretariat must be small and efficient!
G Lee	v	
W Digney	v	
N H Slater	v	
Margaret Harrington	R	5d
R Williams	v	Support resolution if costed.
Thomas G Miller	v	
G Curtis	v	
George Ticehurst	v	
Richard Clarke	v	
N W F Foster	v	

USA

Vernon Saunders	v	
Richard Noyes	R	4.a All programmes in both categories should be designed "To abolishing all taxation save that upon land values"
R V Andelson	R	Reservations against (2). Who pays?
Jacob Himmelstein	v	OBS: Two organisations are needed!
Lowell Harriss	X	No resources!
John De Santis	v	
John A Morales	v	
James Busey	v	Concern that full time director needs to hold a balance between effectiveness and excessive dominance, his duties need careful delineation. Choice of person should be one who considers political/activist action essential.
Harry Ball-Wilson	X	

CANADA

Neil Walker v

AUSTRALIA

Tom Whittle v

Phil Day v

John E Hall v

Bernard Rooney v

Betsy J Harris R (1,2,3,4,5,5d,6a,6b,6c). Already ample publications. Political Campaigns are no good.

S H Cantor v

NEW ZEALAND

R D Keall v

EUROPE

Per Moller Andersen R (1,2,5) The Secretariat is already there! Who pays? Delete (5) or ref. of names! View over funds and available money is wanted! E-mail NET should be established! The proposer should find the finances.

Svend Dinsen R Pending the discussions in Brighton.

OTHER

David Chester X Prefer Godfrey D.'s proposal with reservations.

Maurice Daniel v

Non members:**UK**

R Lamerton v

Paul Turner v

Haydon Bradshaw R Self organization is needed

Eric Wall v

Robin Raynham R Finance first. Rusland actions first. InterNet is only for the few

Tom Hanley v

USA

Catharine Jackson v

Mason Gaffney v

Max Flechner v

M B Hodges v

Victor J Allen v

Joe Casey v Who pays for the Secretariat??

Meta Heller v

Felice Gruskin R Marketing: both PR and Authorities!

CANADA

Catharine Basham v

AUSTRALIA

B Kavanagh v

NEW ZEALAND

Ron Ward R Needed is 'prefacing report to Georgists on finding of development of the structure.

EUROPE

Balazs Konya v

OTHER

Kidane G Hiwot R 5a, b, c are only due in democratic countries.
Pression on World Bank and IMF is necessary.
Please notify me, if interested in my further view.

Peter Meakin v

TRANSFORMING A SOCIAL MOVEMENT: LEARNING FROM ORGANISATIONAL TRANSFORMATION

Drew L. Harris, Ph.D.

This paper presents a perspective on a methodology used to cause deliberate, large scale organizational transformation at companies such as Lucent Technologies, Owens-Corning, Pacific Bell, General Electric, DuPont and others. For Georgists, this may hold two important possibilities: 1) using the methodology to transform our movement and become more effective, and 2) using the methodology to transform society or social institutions to embrace our philosophy for creating a world of prosperity, peace, freedom, and community for all.

Figure 1 provides an image of the structure within which this kind of transformation can take place. The structure is built on relationships, focuses on a strategic outcome (strategic intent), and is shaped by the architecture, values and culture of the organization. Transformation comes through breakthrough projects that build this structure and deliver the strategic intent. Breakthrough projects are designed to make significant movement toward the strategic intent in ways that are not currently possible within the current organizational context. (Context, in this view, consists of the entirety of the culture, structure, rules, and relationships existing in an organization). The following elaborates how the process works.

Relationships form the foundation for all results. In the face of inauthentic relationships, accomplishing anything requires excess effort, drains energy, requires repetition, and restricts many behaviors. Inauthentic relationships turn options and possibilities into positions for winning and losing. Groups with authentic, trusting relationships can explore and invent together, generate energy and vitality, and discuss options with speed and openness that lead to alignment, commitment, and action. Authentic relationship is not "making nice" or "avoiding conflict."

Authentic relationship arises from sharing and acknowledgement, from regular expressions of commitments and values, and from being honest, but with compassion. Within authentic relationships one finds trust, possibilities, opportunities, satisfaction, action, self-expression, results and accomplishment.

Questions for where we stand:

What are the characteristics of the relationships we Georgists currently share?
What degree of trust, mutual respect and freedom to express ourselves do we share? Do we actively build and nurture authentic relationships among ourselves?
What kinds of relationships do we create with those we would like to enroll in our vision of the world (both our natural allies and those who might resist us)? What would be possible from powerful relationships between us and with the rest of the world?

Strategic Intent expresses a bold, focused statement of the future that is compelling to all the stakeholders of an organization. In the transformation process it is time-bound and measurable. It is also outside what is currently considered possible. This bears repeating: Strategic intent lies outside what is currently considered possible. It is living

with the unknown that creates the space for transformation to occur.

However, strategic intent is not simply unfettered ambition. The concept also embraces a management process that includes: focusing attention on the target; motivating by communicating the value of the target; leaving room for individual and team contributions; sustaining enthusiasm by providing new operational definitions as circumstances change; and using intent to guide resource allocations.

Strategic intent is not generated by an individual. It is a creation or declaration that emerges from deliberate conversations where participants share their values, commitments, and dreams of possibilities. From the conversation, all participants freely commit to it. Generating strategic intent requires a base of authentic relatedness as described above. Building strategic intent is a place to build relationship, too, but a basic level of trust must exist to have any conversation of intent.

Questions for where we stand:

We have a glorious vision: a world with economic justice such that peace, prosperity, freedom and community are possibilities for everyone. Would our actions shift if we committed to a bold strategic intent in the service of that vision? (Say, for example, "We intend that by the year 2010 all public functions on a continent will be completely financed by ground rents, user and natural resource fees, and privilege fees.") What would be available to us in pursuing such a bold statement of strategic intent? What would we have to give up to deliver such on such an intent? What would we have to create in pursuit of such an intent?

Culture and values give shape to and animate individuals and organizations. Often organizations adopt values that conflict with individual values. For example, many organizations hold that "Everyone must obey the leader and follow the rules." This kind of value turns off the contribution most people would like to make. A bold strategic intent (typically) calls for an empowered, turned on set of participants. Usually this means deliberately shaping organizational culture to create a context where contribution is welcome and acknowledged, innovation is treasured, and cooperation and leadership are natural and widespread.

Often the path to transforming culture starts with recognizing "what is" (i.e., what really happens and how people really behave, not our interpretations of motives, causes or intentions). It then asks, what does each participant hold important - as values and commitments - in the world? By sharing both those, participants in the transformation see that the values they embrace in the organization often do not match the values they embrace in the rest of their lives. Also, their actions may not match the values and commitments they hold important.

Uncovering "what is" presents an opportunity to see what are shared values and commitments and what are not shared. Where organizational values or elements of the culture are inconsistent with personal values, the participants may choose to remove cultural elements and insert others to create greater consistency in purpose. This process also adds to relatedness and clarifies the source of the strategic intent.

Questions for where we stand:

Do Georgists agree that our values include some variation of a world where all may enjoy opportunity, prosperity, freedom, spirit, peace and community? Does our movement value and create opportunities for participation and contribution? How do we feel about personal prosperity? What kinds of freedom do we give ourselves or others within the movement? Do we have peace in our movement? Are we filled with the spirit of possibility or dominated by cynicism and resignation?

Where do we have community? What would be possible if we lived our lives from a place of prosperity, peace, freedom and opportunity?

Architecture includes the rules (written and unwritten), organizational structures, reward systems, project designs and other infrastructure of organization. Architecture may support or inhibit the strategic intent and cultural values. Architecture, by its nature, creates boundaries and constrains some behavior and possibilities while enabling others. Obviously, a rigid hierarchy with rewards that support obedience constrains innovation or risk taking while producing control and predictable behavior. Too little structure leaves participants disconnected from the strategic intent, unrelated, and less effective than they would be within a clearer structure, but allows great personal latitude.

Architecture evolves as transformation occurs. It is difficult to predict what kind of architecture will be appropriate as relatedness improves, culture shifts, and intentions come into focus. Some parts of the transformation will run up against existing architecture like a car against a wall; the wall must be moved/removed or the transformation will crash. In other instances, the transformation will beg for additional structure, a place to stand for the next level of achievement, and that structure must be added to move forward. Transformation will repeatedly raise the questions: "What needs removing?" and "What is missing, that if added would move us forward?"

Questions for where we stand:

Is the Georgist movement moving (or if you prefer, moving as quickly as we like)? Do we know enough about where we are going to know what needs to be added or removed from our architecture? Does our organization provide a structure for building relatedness and strategic intent? Do our "rules of engagement" - such as the structure of our conversations (a topic below) - lead us to action?

Breakthrough Projects call for outcomes beyond what organizations or individuals known how to accomplish. By striving for the currently unobtainable, participants must reinvent themselves and their understanding of the world. They must invent new solutions, go places they have never been, and ask of themselves and others things they think are not reasonable. It is in this shift that transformation takes root and comes alive.

Questions on where we stand:

What breakthrough projects would advance our movement from within? What breakthrough projects would enroll others in our vision? What power do we lose in creating breakthrough projects without a strategic intent? Could we develop a strategic intent through exploring breakthrough projects?

Conclusion

This paper has given a bare outline of a process for transformation. The transformation is driven by conversation. We come to know our world and ourselves through conversation. All agreement arises in conversation (as does conflict, too). For example, the idea of ownership of land is an agreement developed in conversation.

Our use of language shapes not only our thoughts and agreements, but it shapes our actions. If we have a conversation around "someone should do [something]," that is not a conversation for action. It is a conversation of expression - perhaps frustration, hope, dreams, or something related to action - but it has nothing to do with generating action. Conversations for action have three elements - requests, offers, and promises. An example might sound like "I request that you provide me funding [of some amount] by [some time]." The response could be acceptance ("I promise I will provide the funding . . ."), decline ("I do not promise

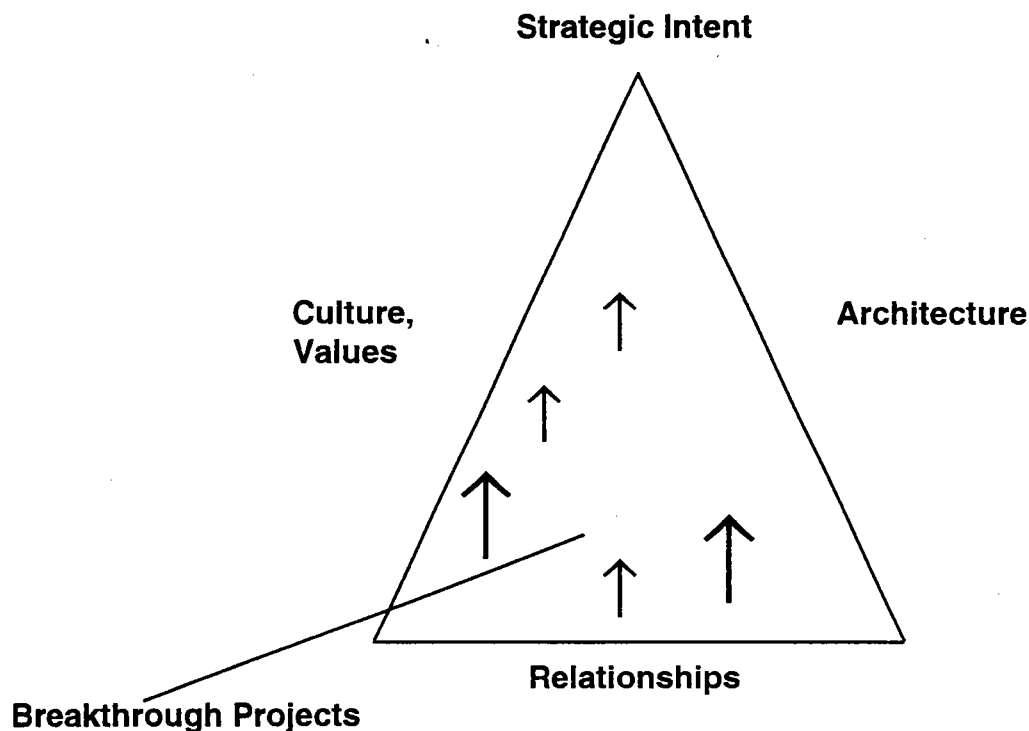
...”), or counter-offer (“No, But I can offer half your funding request.”) Working in this realm leaves participants in motion, committed to outcomes by a certain time.

As the Georgist movement looks to the next millennium, we have a choice. We can continue the regression line of our past hundred years. Some have argued, with good evidence, that eventually the time will come when the Georgist paradigm will prevail. Many groups - from environmentalists to neoclassical urban planners - have embraced elements of our philosophy and are moving it forward. Within our ranks, champions such as Fred Harrison, Nic Tideman, Steven Cord, Godfrey Dunkley, Alanna Hartzok, Lindy Davies and others have carried on, almost in isolation, keeping our dreams alive. We may prevail in time.

However, we may not prevail, or “in time” may be at some future millennium. If we can harness this transformation process for our movement, we will alter the world as a deliberate act, at an accelerated pace, and probably with greater joy than we now share. In this process, we might achieve what we currently consider impossible . . . in our lifetime. In keeping with the spirit of a conversation for action, I make an offer and a request. To move this forward, I offer to find and make available the resources to conduct a formal transformation process, as outlined above, for any of our organizations or for the whole movement. I request that the International Union, at this year’s business meeting, commit to engaging in this transformation process to begin by the next conference. How do you respond?

DR DREW HARRIS is Assistant Professor of Management, Fairleigh Dickinson University

Figure: The Structure of Transformation



POSITION PAPER

Henry George School of Social Science, New York

Once people begin to understand the economic philosophy of Henry George and the possibility that its implementation may establish a truly just society, it is natural that they would look for means to implement the philosophy. Success can only be attained when enough people understand it. Unfortunately, only a relatively small number understand it at the present time. Thus, the most important tactic at this time is to educate as many as possible, which is precisely what the Henry George School of Social Science is attempting to do.

What are needed are more schools such as ours not only throughout the United States but in other countries.

While efforts, such as Steve Cord's, to implement certain practical aspects of the philosophy are commendable, it is obvious that without a fairly substantial basis of people who have even a rudimentary idea of the philosophy, it is difficult for it to gain much acceptance.

The Henry George School of Social Science is a 501(c)(3) organization with federal as well as New York State oversight. Thus, its activities are constrained by federal and state controls, one of the most important of which is that it cannot indulge in any political action. Its aim is to educate and it has studiously adhered to that goal in good times and bad. Subject to these legal constraints, the School will try to cooperate with other Georgist groups. Under no circumstances can the School let itself be placed under the control of any other group.

The annual Georgist conferences are a means to have an understanding of the activities of Georgists in a way that does not require the expenditures of large sums of money and does not mandate the activities of the groups at the meeting. Cooperation among the Georgists, with no overbearing authority, has served us well in the past and should do so in the future.

That the Georgist movement is only slowly spreading out is to be expected. As it grows, it can expect to meet tremendous opposition from privileged groups and people enjoying the benefits of the land monopoly.

The most potent force to counteract this power is education of the ordinary man and woman who will have some understanding of the problems and be independent enough to be able to withstand and fight the opposing forces.

A PROPOSAL FOR RECONSTRUCTING THE GEORGIST MOVEMENT

Marion Sapiro

The principal need of the Georgist "Movement" is to create a unified, integrated, synergistically operating organization of the various, disparate entities which currently exist. As these organizations operate presently, there we have no focus and *no movement*.

The various organizations of the Georgist movement came into existence at different times launched by different benefactors in response to different conditions of the day, as they saw them, but without a vision of the larger, encompassing, unified organizational structure essential to build an effective movement. The time to create such a structure and to logically integrate the various disparate bits and pieces of our current "movement" is now. And there are a number of windows of opportunity currently open to us.

A chart describing the essential units for the unified organizational structure proposed is attached.

New officers and key operating personnel with professional calibre knowledge of the science of economics, managerial skills and an extended visual scope of the Georgist movement are presently taking their places within the principal organizations of the Georgist movement-the first window of opportunity for fundamental change. The Lincoln Foundation, with its \$100 million in assets is currently being legally challenged to redirect its assets and efforts to building, rather than undermining the Georgist movement-the second window of opportunity. New communication methods and technology open infinitely many pathways to reach huge audiences-another window of opportunity. Professional, academically renowned economists and social scientists have endorsed and aligned their work with Georgist principles, if not with existing Georgists organizations-still another window of opportunity. In all, the various components are in place or can be constructed obtained or assembled to create an impactful Georgist movement capable of bringing about the political implementation of Georgist principles.

The required components are these:

1. *A Theoretical and Applied Research Organization* (possibly called the *Earth Rights Research Institute*): We must assemble a cadre of qualified professional economists and social and political scientists, with Ph.D.'s or the equivalent, to proactively determine, plan and conduct the theoretical and applied research and model building required to assemble the body of evidence and data required to establish the efficacy and practicality of Georgist proposals. These professionals must be paid to do this work. Presently a very small number of *ad hoc* project applications for funding are presented to the Schalkenbach Foundation and the Henry George School and some of these are parsimoniously funded. But they bear little if any relationship to one-another, few, if any quality control parameters exist, and there is little if any follow through to utilize the products of these research and development projects. Meanwhile critical data needs go unanswered-such as a compilation of the total real value of land, resources, and-government granted "rights" (timber cutting, grazing, concession location, etc.) for the country as a whole and broken down state by state and county by county, precisely the information required to establish the credibility and practicality of George's proposals. ,
2. *A Publishing Organization*, The Schalkenbach Foundation, presently performs this

function, but to be effective it has to be governed by a board of professionals including persons with specialized knowledge of and experience in publishing and broad based media production, skill in business procedures (especially, marketing), and management-and each member needs to be a dedicated and knowledgeable Georgist as well. This organization needs to fulfil the publication requirements of the three primary organizations described herein. But, primarily it needs to act proactively to develop writers and publications on significant current issues, rather than functioning reactively, selecting from manuscripts, on relevant and irrelevant topics, randomly submitted.

Of course, it needs to keep Henry George classics in print, but these reprints need to be technically improved and dramatically upgraded and updated in style and quality. And these books need to be aggressively and professionally marketed and distributed.

It also needs to publish and distribute scholarly publications, but the American Journal needs to serve the Georgist cause far more effectively than it does. Again, this might be a matter of proactively soliciting specified content, rather than reactively accepting whatever is submitted which passes peer review and critique. I really question, however, whether this publication merits its cost, relative to its contribution to the Georgist movement.

Our immediate and top priority need, as a movement, is to have a professional calibre magazine,, corresponding to the Libertarian movement's publication, Reason, designed to appeal to that large segment of the public concerned with social problems and issues. This publication should serve the entire Georgist movement, throughout the world, and appeal to a worldwide audience. The various Georgist organizations could then insert, and supplement with, their own house organs. Land and *Liberty* might be adapted to this purpose, but, obviously it would need to be totally reconceived, redesigned, upgraded, and professionally written and edited. The Bahai movement has such a publication which comes close to serving as a model.

We also, desperately need some professional calibre documentaries (if not blockbuster 50 million dollar Hollywood feature films, though it would be nice if the Mizrachi brothers or Disney or ? were to volunteer to produce such a classic at their expense).

3. *An Education Organization*, with a far broader scope of operation than the existing Henry George Schools of Social Science. Primarily, I would see this organization serving universities and professional associations as a counterpart of what once was the highly impactful TRED program. This should be linked to the research organization described above. Secondly, it should develop courses and course materials for junior colleges and college extension divisions-geared to current issues. Jeff Smith seems to be attempting to do this with some of the materials he has produced. Third, it should be producing courses, course materials, and educational products for high schools and adult education programs (including some church programs relative to moral foundations for economics, social justice, etc.) . Again, the concern here is quality and professional calibre design, and production and marketing. The Henry George Institute should be re-merged with the HG School and its reach infinitely expanded through the use of the Internet and new media. I believe that Lindy Davis is headed in this direction. This is where many competent

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Georgist volunteers can connect with and serve the educational program, but they would

- have to be carefully screened and trained. Key staff would have to be professionals, however, not lay volunteers. The School(s) also needs a "flying squad" of competent well trained people, geared to providing training and seminars wherever required or wherever the opportunity presents itself.
4. *A Political Lobbying/Popular-Outreach* organization would then apply the information, education, and publication assets produced by the other three organizations to generate and obtain popular acceptance and political adoption and implementation of Georgist proposals at every level of government. Common Ground-USA (CGUSA) and the Henry George Foundation of America (HGFA) should merge their functions and operations and a legal challenge function should be added. The merged organizations (possibly renamed the *Earthrights League*) should be formulated as a democratic, open membership organization (rather than a self-perpetuating limited membership board of directors) consisting of numerous chapters and thousands of members, nationwide and beyond. See the attached brochure for current functions and mode of operation of CGUSA.
 5. *A Council of Georgist Organizations* made up of the principal officers and key management representatives of the four organizations noted above (*the central circle on the attached organization chart*) whose function would be to coordinate and merge the goals, programs and projects of the four organizations into an integrated whole **A GEORGIST MOVEMENT.**
 6. *Public Relations/Publicity Support Staff*, (of professional calibre) employed or retained by the Council to serve and effectuate the work of each and all of the four functional organizations with releases, articles, radio/TV interviews/presentations & networking assistance.
 7. *Fund-raising Support Staff*, (of professional calibre) employed or retained by the Council, to serve all of the four functional organizations with grant applications and professional fund-raising campaigns keyed to projects and general operation.

This proposed plan for structuring a Georgist Movement is an outgrowth of my own several years of postgraduate training in organizational development, beyond the M.B.A. and M.S. Ed. and twelve long years of discussion with many Georgist colleagues. The time is now to get real about redeveloping a Georgist movement (which may require the cloning a number of new Henry George's), but it can be done, even with the limited resources at our disposal. It will require the removal of a number of current mainstays infected with rigidity, stupidity, cupidity, senility and/or overblown egos. That will require a lot of finesse and a hell of a lot of plain old gutsiness and chutzpa.

So, what do you think of this proposed plan? (This is where your finesse needs to be employed. You can't accuse me of not having a hell of a lot of gutsiness and chutzpa)

WHAT SUCCESSFUL MOVEMENTS DO THAT GEORGISTS DON'T

Jeffrey J. Smith

Georgists advocate a subtle idea against tough, built-in opposition. Yet, with one of the best ideas from the mind of man, we could do better. Each year, other movements get their proposals enacted into law. Could their *modus operandi* be employed successfully by Georgists? Here are some things others do differently:

- 1) They raise awareness using contemporary language that captures public imagination, rather than try to rope in the lonely with free classes and other giveaways. 2) They raise issues, then the logically connected solutions (however workable); they don't raise a tinkering with a mechanism (taxation) - apparently unconnected to any pressing issue - to the level of a panacea.
- 3) They promote ideas, not dead heroes.
- 4) They set the agenda, keeping ahead of the curve, not just let their opponents define the debate (sometimes it's hard to avoid).
- 5) They network with others of similar values and interests, not keep aloof nor argumentative.
- 6) They socialize within the group, building affinity and solidarity, not form exclusive élites that control limited resources.
- 7) They balance lobbying élites with building a membership base via outreach to the general public.
- 8) They work the media with public demonstrations and press conferences, not remain skittish, even critical of other demonstrators.
- 9) They work the media with dramatic documentaries and public speeches (however misguided) rather than preach to the choir.
- 10) They work the media with well-written, good-looking, mass-circulating publications from which the mainstream media gleans stories, along with putting out amateurish, in-house newsletters.
- 11) They provide what the public wants: books, mugs, outings, etc. - along with cannibalizing their own supporters.
- 12) Their wealthy foundations solicit proposals from known and proven activists along with making their grassroots go begging.
- 13) Their funding priority is to build broad-based support rather than soloist lobbying efforts that lack popular backing.
- 14) To reach their goals, they make logical, step-by-step plans besides just wing without any compass.
- 15) To get the biggest bang for their buck, establish objective criteria for measuring the results of their projects, and back what works.

Sorry to have stepped on anyone's toes. But the world has its rules. That's how the world works. Follow the rules, you get results. Ignore them, history leaves you in its dust. I'd be happy to work with any Georgist interested in employing what works.

ORGANIZATIONAL PLAN FOR AN INTEGRATED, SYNERGISTICALLY OPERATING GEORGIST MOVEMENT

